COVER SHEET

C	S	0	0	0	0	3	9	5	8	7

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
Contact Person

8571-5948
Registrant Telephone Number

1	2		3	1

Month *Day*
Calendar Year

20-IS Preliminary Information Statement
FORM TYPE

0	6		2	6

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

MSRD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

431
Total No. of Stockholders
**as of April 30, 2024*

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

CERTIFICATION

VISTAMALLS, INC. (the "Company") hereby certifies that, except for Ms. Camille A. Villar, none of the directors and officers and the nominees for election of directors of the Company named in the Information Statement for the Annual Meeting of its shareholders for the year 2024 works in the government as of the date hereof.

Ms. Villar is currently a duly elected Congresswoman, representing Las Piñas City. She is not disqualified from being and does not require any consent or approval to serve as, a director of the Company on account of her said position.

Issued this 09 May 2024.

VISTAMALLS, INC.

By:

MA. NALEN S.J ROSERO
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Cherrylyn P. Caoile**, Filipino, of legal age and a resident of after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Vistamalls, Inc.** and have been its independent director since May 2021.

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

Company/ Organization	Position/ Relationship	Period of Service
Taipan Security Services, Inc.	Chairman of the Board	2015 - Present
VProperty Management, Inc.	Independent Director	2022 - Present
Vista Land & Lifescapes, Inc.	Independent Director	2023 – Present

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

4. I am not related to any of the directors, officers or substantial shareholder of **Vistamalls, Inc.** and its subsidiaries and affiliates.

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

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

7. I shall inform the corporate secretary of **Vistamalls, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 1 6 2024 at MANDALUYONG CITY.

CHERRYLYN P. CAOILE
Affiant

SUBSCRIBED AND SWORN to before me this MAY 1 6 2024 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her

Doc. No. 50
Page No. 11
Book No. XXIII
Series of 2024.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 53511
IBP Lifetime Member No. 018538
PTR No. 5415603 / 05 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-0018781 issued dated 25 May 2022
Notarial Commission Appointment No. 0314-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

CERTIFICATION OF INDEPENDENT DIRECTORS

I. **Marilou O. Adea**, Filipino, of legal age and a resident of after having been duly sworn to in accordance with law do hereby declare that:

1. I have been nominated for election as independent director of **Vistamalls, Inc.** and have been its indepdent director since June 2023.

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

Company/ Organization	Position/ Relationship	Period of Service
Malarayat Rural bank, Inc.	Director	1997 – present
FBO Management Network, Inc.	Consultant	2000 – present
VProperty Management, Inc.	Independent Director	2022 – present
Philtown Properties Inc.	Independent Director	Jan 2023 – present

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

4. I am not related to any of the directors, officers or substantial shareholder of **Vistamalls, Inc.** and its subsidiaries and affiliates.

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

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

7. I shall inform the corporate secretary of **Vistamalls, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 16 2024 at MANDALUYONG CITY.

MARILOU O. ADEA
Affiant

SUBSCRIBED AND SWORN to before me this MAY 16 2024 at MANDALUYONG CITY ____, affiant personally appeared before me and exhibited to me her issued at DFA, Manila on January 16, 2018 and valid until January 15, 2028.

Doc. No. 51
Page No. 12
Book No. XXIII
Series of 2024.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 53511
IBP Lifetime Member No. 018558
PTR No. 5415603, 03 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-0018781 issued dated 25 May 2022
Notarial Commission Appointment No. 0314-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

VISTAMALL

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual meeting of stockholders of **VISTAMALLS, INC.** (the "Company" or "STR") for the year 2024 will be held online on **June 24, 2024**, **Monday** at **10:00 a.m.** with the proceedings livestreamed and voting conducted in absentia through the Company's secure voting online facility which may be accessed through the following URL address: https://vote.vistamalls.com.ph/VSRV/Login.

The following shall be the agenda of the meeting:

1. Call to order
2. Certification of service of notice and presence of quorum
3. Approval of the minutes of the last Annual Meeting of Stockholders held on June 26, 2023
4. Presentation of the President's Report, Management Report and Audited Financial Statements for the year 2023
5. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting
6. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024
7. Appointment of External Auditors
8. Adjournment

Minutes of the 2023 Annual Meeting of Stockholders is available at the website of the Company (https://documents.starmalls.com.ph/minutes-of-meetings.php).

Electronic copies of the Information Statement and Management Report with respect to the 2024 Annual Meeting of Stockholders of the Company, as well as the 2023 Annual Report (SEC Form 17A) and Quarterly Report for period ended 31 March 2024 (SEC Form 17Q) of the Company, are available on the Company's website (https://documents.starmalls.com.ph/index.php) and PSE Edge (https://edge.pse.com.ph).

The Board of Directors has fixed the close of 20 May 2024 as the record date for the determination of stockholders entitled to notice of, and to vote at, said Annual Stockholders' Meeting.

For the convenience of the Company's stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and voting only *in absentia* or by appointing the Chairman of the meeting as their proxy.

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote *in absentia* must notify the Corporate Secretary by registering in advance at https://vote.vistamalls.com.ph/VSRV/Login on or before June 10, 2024. All information submitted will be subject to verification and validation by the Corporate Secretary.

Stockholders who intend to appoint the Chairman of the Meeting as their proxy should submit duly accomplished proxy forms on or before June 10, 2024 at the Office of the Corporate Secretary at UGF Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City and/or by email to ir@vistamalls.com.ph.

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

MA. NALEN S.J. ROSERO
Corporate Secretary

AGENDA DETAILS AND RATIONALE

1. **Certification of Notice and Quorum**

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

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

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

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

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

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

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

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

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

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

2. **Approval of the Minutes of the last Annual Meeting of Stockholders held on June 26, 2023**

The minutes of the last Annual Meeting of Stockholders held on June 26, 2023 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

A copy of such minutes has been uploaded on the Company's website immediately after the 2023 Annual Meeting of Stockholders.

3. **<u>President's Report, Management Report and Audited Consolidated Financial Statements as of and for the year ended December 31, 2023</u>**

The audited financial statements ("AFS") of the Company as of and for the year ended December 31, 2023 (as audited by SyCip, Gorres, Velayo & Co.), a copy of which is incorporated in the Definitive Information Statement for this meeting, will be presented for approval by the stockholders.

The President of the Company, Mr. Manuel Paolo A. Villar, will deliver a report to the stockholders on the Company's performance for the year 2023 (which will include highlights from the AFS) and the outlook for 2024.

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

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

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

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

5. **<u>Election of the members of the Board of Directors, including the Independent Directors, for the year 2024</u>**

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

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

The Audit Committee is endorsing to the stockholders the re-appointment of SyCip Gorres Velayo & Co. as external auditor of the Company for the fiscal year 2024.

PROXY

[NOTE: Stockholders who would like to be represented thereat by a proxy may choose to execute and send a proxy form to the Office of the Corporate Secretary (Atty. Ma. Nalen S.J. Rosero) at UGF Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City, on or before 10 June 2024. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to ir@vistamalls.com.ph.]

The undersigned stockholder of VISTAMALLS, INC. (the "Company") hereby appoints ______________________________ or in his absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company on 24 June 2024 at 10:00 a.m. and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the minutes of the last Annual Meeting of Stockholders held on June 26, 2023

   ☐ Yes ☐ No ☐ Abstain

2. Noting of the President's Report and Management Report and Approval of the Audited Financial Statements for the year 2023

   ☐ Yes ☐ No ☐ Abstain

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

   ☐ Yes ☐ No ☐ Abstain

4. Election of the members of the Board of Directors, including the Independent Directors for the year 2024

Name	No. of votes
Manuel B. Villar Jr.	__________
Manuel Paolo A. Villar	__________
Cynthia J. Javarez	__________
Camille A. Villar	__________
Achawin Asavabhokin	__________
Cherrylyn P. Caoile	__________
Marilou O. Adea	__________

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

   ☐ Yes ☐ No ☐ Abstain

____
Printed name of Stockholder

____
Signature of Stockholder / Authorized representative

____
Date

This proxy should be received by the Corporate Secretary on or before 10 June 2024, the deadline for submission of proxies.

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

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

Notarization of this proxy is not required.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

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

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

4. SEC Identification Number **39587**

5. BIR Tax Identification Code **000-806-396-000**

6. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** — **1747**
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code **(632) 8571-5948**

8. Date, time and place of the meeting of security holders
   24 June 2024, 10:00 a.m. (via Remote Communication)

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   May 27, 2024

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding *(as of April 30, 2024)*
Common stock	**8,425,981,156 shares**
Preferred stock	**2,350,000,000 shares**

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

   Yes [**x**]   No [ ]

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

PART I

INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date: June 24, 2024
Time: 10:00 a.m.
Place: N/A (via remote communication)

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

This Information Statement may be accessed by the Company's stockholders beginning May 27, 2024 at the Company's website, https://documents.starmalls.com.ph/sec-information-statement.php.

Dissenters' Right of Appraisal

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

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

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

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

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

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

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

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

CONTROL AND COMPENSATION INFORMATION

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

(a) Number of outstanding shares as of 30 April 2024

Common: 8,425,981,156
Preferred: 2,350,000,000

(b) Record Date: 20 May 2024

Each common share of stock of the Registrant is entitled to one (1) vote. Pursuant to Article III, Section 3 of the Registrant's Amended By-Laws, every holder of voting stock may vote during all meetings, including the Annual Stockholders' Meeting, either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact.

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

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

Equity Ownership of Foreign and Local Shareholders

Foreign and local security ownership as of April 30, 2024:

Class	Filipino		Foreign		Total Shares Outstanding
	Shares	Percent of Class	Shares	Percent of Class	
Common	7,614,332,229	90.37%	811,648,927	9.63%	8,425,981,156
Preferred	2,350,000,000	100.00%	-	-	2,350,000,000
Total	**9,964,332,229**		**811,648,927**		**10,775,981,156**

Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners of more than 5.0% of the Registrant's voting securities as of April 30, 2024:

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	Vista Land & Lifescapes, Inc. ("VLL")[2] 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	Land & Houses Public Company Limited[3] 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	Fine Properties, Inc.[4] 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 April 30, 2024

[2] VLL, through a resolution passed by the Board of Directors, usually designate its President, Manuel Paolo A. Villar, to be its authorized representative with the power to vote its shares of stock in VLL's subsidiaries

[3] Land & Houses Public Company Limited (L&H) is a foreign corporation duly organized and existing by virtue of the laws of Thailand with office address at Reg. No. 57 Q. House Convent Bldg., 3rd to 5th Floor, 38 Convent Road, Silom, Bangkok 10500 Thailand. L&H usually acts through Mr. Anant Asavabhokhin or Mr. Achawin Asavabhokin in matters relating to its shares of stock in the Company.

[4] Fine Properties, Inc., through a resolution passed by the Board of Directors, usually designate its President, Cynthia J. Javarez, to be its authorized representative with the power to vote its shares of stock in the Company.

Security ownership of management as of April 30, 2024:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class[7]
Common Shares	Manuel B. Villar Jr.[5]	1,000 - Direct	Filipino	.00001%
Preferred Shares	Manuel B. Villar Jr.[5]	2,350,000,000 - Indirect	Filipino	21.80776%
Common Shares	Manuel Paolo A. Villar[6]	1,000 - Direct	Filipino	.00001%
Common Shares	Cynthia J. Javarez	1,000 - Direct	Filipino	.00001%
Common Shares	Camille A. Villar	100 - Indirect	Filipino	.000001%
Common Shares	Achawin Asavabhokin ,	1,000 - Indirect	Thai	.00001%
Common Shares	Cherrylyn P. Caoile	1,000 - Indirect	Filipino	.00001%
Common Shares	Marilou O. Adea ,	1,000 – Indirect	Filipino	.00001%
-	Brian N. Edang ,	-	Filipino	-
-	Ma. Nalen SJ. Rosero	-	Filipino	-
-	Arbin Omar P. Cariño	-	Filipino	-
-	Melissa Camille Z. Domingo , ,	-	Filipino	-
-	Rowena B. Bandigan	-	Filipino	-
-	Florence R. Bernardo	-	Filipino	-
AGGREGATE SHAREHOLDINGS		**2,350,006,100**		**21.80782%**

[5] Mr. Manuel B. Villar Jr. holds legal title to 1,000 common shares in Vistamalls, Inc. by virtue of, and pursuant to, a Deed of Assignment and Declaration of Trust with VLL

[6] Mr. Manuel Paolo A. Villar holds legal title to 1,000 common shares in Vistamalls, Inc. by virtue of, and pursuant to, a Deed of Assignment and Declaration of Trust with VLL

[7] Based on the total issued and outstanding shares (common and preferred) of 10,775,981,156 as of April 30, 2024

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

Voting Trust Holders of 5.0% or More

As of April 30, 2024, there were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

Changes in Control

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

Directors and Executive Officers of the Registrant

Term of Office

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

Background Information

The following are the names, ages and citizenship of the incumbent directors/independent directors and officers of the Registrant as of April 30, 2024:

NAME	AGE	POSITION	CITIZENSHIP	PERIOD SERVED
Manuel B. Villar Jr.	74	Chairman	Filipino	2012 to present
Manuel Paolo A. Villar	47	Director & President	Filipino	2012 to present
Cynthia J. Javarez	60	Director, Chief Risk Officer & Treasurer	Filipino	2019 to present
Camille A. Villar	39	Director	Filipino	2017 to present
Achawin Asavabhokin	48	Director	Thai	2023 to present
Cherrylyn P. Caoile	49	Independent Director	Filipino	2021 to present
Marilou O. Adea	73	Independent Director	Filipino	2023 to present

The following are the names, ages and citizenship of the Company's executive officers in addition to its executive and independent directors listed above as of April 30, 2024:

NAME	AGE	POSITION	CITIZENSHIP
Brian N. Edang	45	Chief Financial Officer & Head, Investor Relations	Filipino
Ma. Nalen S.J. Rosero	53	Chief Information Officer & Corporate Secretary	Filipino
Arbin Omar P. Carino	43	Compliance Officer & Assistant Corporate Secretary	Filipino
Melissa Camille Z. Domingo	37	Chief Audit Executive	Filipino
Rowena B. Bandigan	46	Chief Accountant	Filipino
Florence R. Bernardo	53	Head, Mall operations	Filipino

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

MANUEL B. VILLAR, JR., *Chairman of the Board.* Mr. Villar was Senator of the Philippines from 2001 to June 2013. He served as Senate President from 2006 to 2008. He also served as a Congressman from 1992 to 2001 and 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 Master's in Business Administration. He founded Camella Homes in the early 1970s and successfully managed said company over the years, to become the largest homebuilder in the Philippines now known as the Vista Land Group. Mr. Villar is also the Chairman of the Board of Vistamalls, Inc. (formerly Starmalls, Inc.), AllHome Corp., AllValue Holdings Corp., AllDay Marts, Inc. and Golden MV Holdings, Inc. (formerly 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.* Mr. Villar graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey & Co. in the United States from 1999 to 2001. He joined the Vista Land Group in 2001 as Head of Corporate Planning, then became the Chief Financial Officer of the Company in 2008. He was elected President and Chief Executive Officer of the Company in July 2011 and President of Vistamalls, Inc. (formerly Starmalls, Inc.) in June 2019. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc., VistaREIT, Inc., and Powersource Phils. Development Corp. Mr. Villar is also the majority shareholder of Prime Asset Ventures, Inc., and director of Fine Properties, Inc, AllHome Corp. and AllDay Marts, Inc.

CYNTHIA J. JAVAREZ, *Director, Chief Risk Officer 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 completed a Management Development Program at the Asian Institute of Management in 2006. Ms. Javarez was previously the Chief Financial Officer of Polar Property Holdings Corp. until 2011 and the Tax & Audit Head of the MB Villar Group of Companies until 2007. She was the Controller and Chief Financial Officer of Vista Land since 2013 until she became Chief Operating Officer from November 2018 to June 2022. She was the President of Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation and Vista Residences, Inc. until 2021. She is currently the

Chairperson of Prime Asset Ventures, Inc. and is the President of Fine Properties, Inc. and Golden MV Holdings, Inc.

CAMIILE A. VILLAR, *Managing Director*. Ms. Villar graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She took Management in Business Administration, Global Executive MBA Program in Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She joined the Corporate Communications Group of Brittany in 2007 until she assumed the position of Managing Director of Vista Land Commercial. She is a Director of Vistamalls, Inc. (formerly Starmalls, Inc.) and Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.). She is also the concurrent President of All Value Holdings Corp., the Vice Chairman of AllHome Corp. and a director of AllDay Marts, Inc. Ms. Villar is currently a Congresswoman, representing Las Piñas City.

ACHAWIN ASAVABHOKIN, *Director*. Mr. Asavabhokin graduated from the University of Pennsylvania with a degree of Bachelor of Science in Engineering, System Science and Engineering. He holds various licenses as Fund Manager, Derivative Fund Manager and Investment Planner. He is currently a Director of Land and Houses Public Company Limited, since 2018, Quality Houses Public Co., Ltd., since 2017, and Home Product Center Public Co., Ltd., since 2014. He is concurrently the Chief Marketing Officer and Senior Executive Vice President (EVP) of SCB Asset Management Co. Ltd. He previously held various positions under the same Company as the EVP, Group Head of Products & Foreign Fixed Income, Department Head for International Investment and EVP for Product & Foreign Fixed Income from January 2015 to September 2018**.**

CHERRYLYN P. CAOILE, *Independent Director*. Atty. Caoile obtained her Bachelor of Science in Legal Management from the De La Salle University and earned the degree of Juris Doctor in Ateneo de Manila School of Law. She worked in Picazo Buyco Tan Fider & Santos in 1998, and became a partner in 2009, until 2019. She served as an Assistant Professor under the Commercial Law Department of De La Salle University – College of Business & Economics, from 2003 to 2005. Atty. Caoile was recently the legal consultant of the House of Representatives, Committee on Economic Affairs. She is currently the Chairman of the Board of Taipan Security Services, Inc. and currently the Independent Director of Vista Land & Lifescapes, Inc., Vistamalls, Inc., and VProperty Management, Inc. She was formerly the Director of MJC Investment Corporation, Narra Wellness Resorts, Inc., and PALI Investments, Inc. She was appointed as the Corporate Secretary of MetroPac Water Investments, Inc. and was formerly the Assistant Corporate Secretary of Smart Communications, Inc., Paymaya Philippines, Inc, and MPCALA Holdings, Inc. Atty. Caoile possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since election as such.

MARILOU O. ADEA, *Independent Director*. Ms. Adea is currently a Consultant of FBO Management Network, Inc. and a Director of Malarayat Rural Bank, Inc. She was the Court Appointed Rehabilitation Receiver of Anna-Lynns, Inc., Manuela Corporation and 3N2J Shipping & Trading Services, Inc. Ms. Adea previously served as the Independent Director for Vista Land and Lifescapes, Inc. from 2007 to 2021, Project Director for Site Acquisition Director of Digital Telecommunications Phils. Inc. from 2000 to 2002, Executive Director for FBO Management Network, Inc. from 1989 to 2000 and BF Homes Inc. in Receivership from 1988 to 1994, and Vice President for Finance & Administration for L&H Resources Management Corporation from 1986 to 1988. She worked with the Home Development Mutual Fund from 1978 to 1986. Ms. Adea holds a Degree in Bachelor of Science in Business Administration, major in Marketing Management from the University of the Philippines.

BRIAN N. EDANG, *Chief Financial Officer and Head Investor Relations*. Mr. Edang is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head of Investor Relations 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). He is also currently serving as a director of VistaREIT, Inc.

MA. NALEN S.J. ROSERO, *Chief Information Officer and Corporate Secretary*. Atty. Rosero graduated Salutatorian from the San Beda College of Law in 1997. She was an Associate of the Litigation Group of the ACCRA Law Offices from 1997 to 2000. She is currently the Chief Legal Counsel, Chief Information Officer, and Chief Compliance Officer and Assistant Corporate Secretary of Vista Land & Lifescapes, Inc. She is also the Corporate Secretary and Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Inc., Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also currently serving as the Chief Compliance Officer and Assistant Corporate Secretary of VistaREIT, Inc. She is also the Corporate Secretary of Vistamalls, Inc. (formerly Starmalls, Inc.).

ARBIN OMAR P. CARIÑO, *Compliance Officer and Assistant Corporate Secretary*. Atty. Cariño graduated from the De La Salle University with a double degree in Bachelor of Science in Chemistry and Bachelor of Secondary Education – Major in Physics and Math. He earned his law degree from San Beda College of Law in 2008. He is currently the Legal Counsel of Household Development Corporation. He is the Corporate Secretary of VFund Management, Inc.

MELISSA CAMILLE Z. DOMINGO, *Chief Audit Executive*. Ms. Domingo graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration & Accountancy in 2008. She is a Certified Public Accountant. In 2011, she took the Certified Internal Auditor examination and was part of the Top 50 successful examinees globally. Prior to joining Vista Land in 2013 as Senior Financial Analyst, she was with SGV & Co. (EY Philippines) as Associate Director. She was the Finance Head of Vista Land until she assumed the Chief Audit Executive position in June 2019. She is also currently serving as a director, and Chief Financial Officer, Treasurer, and Head, Investor Relations of VistaREIT, Inc.

ROWENA B. BANDIGAN, *Chief Accountant*. Ms. Bandigan is a Certified Public Accountant. She took and passed her certification exam in 1999 shortly after graduating with a degree of Bachelor of Science in Accountancy at PLM (Pamantasan ng Lungsod ng Maynila). She worked as Senior Auditor at Deloitte Philippines until 2005. Thereafter, she worked in Singapore as a Senior Auditor at Foo Kon Tan Grant Thornton, a member of Grant Thornton International from 2005 to 2009 and as Audit Manager at Moore Stephens LLP in 2009 to 2010. She joined Vistamalls, Inc. and its subsidiaries as Chief Accountant in 2010.

FLORENCE R. BERNARDO, *Head, Mall Operations*. Ms. Bernardo graduated from St. Paul College in Quezon City in 1992 with a degree in BS Banking and Finance. She also earned her Masters in Business Administration from De La Salle University in 2001. She worked as a Store Manager at McDonald's from 1988 to 1996. Prior to joining Vistamalls, Inc. in 2005, where she currently holds the position Regional Mall Head, she was the Operations Head of SM Leisure Center from 1996 to 2005.

Atty. Cherrylyn P. Caoile and Ms. Marilou O. Adea are the nominees for election as independent directors of the Company. Their respective business experience for the last five (5) years are as set forth above.

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

The Amended By-Laws of the Registrant conforms with SRC Rule 38, as amended, with regard to the nomination of independent directors of the Registrant. Article IV, Sections 1-A and 2 of the Registrant's By-Laws provide as follows:

> Section 1A. Independent Directors – The corporation shall have at least two (2) independent directors or at least twenty (20%) of the entire Board membership, whichever is lesser.
>
> The independent directors shall have all the qualifications and none of the disqualifications set forth in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations, as the same may be amended from time to time. *(As amended on 04 October 2010)*
>
> Section 2. Election and term – The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.
>
> A Nomination Committee is hereby created which may be organized from time to time upon determination of the Board of Directors. The Nomination Committee shall be composed of at least three (3) members, one of whom shall be an independent director. The Nomination Committee shall have the following functions: (A) formulate screening policies to enable the committee to effectively review the qualification of the nominees for independent directors; and (B) conduct nominations for independent directors prior to the stockholders' meeting in accordance with the procedures set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, as the same may be amended from time to time. *(As amended on 04 October 2010)*

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

> "8. Nomination and Election of Independent Director/s
>
> The following rules shall be applicable to all covered companies:
>
> A. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Registrant's information or proxy statement or such other reports required to be submitted to the Commission.

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

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

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

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

The Registrant has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. The nominated independent directors, namely, Ms. Marilou O. Adea and Atty. Cherrylyn P. Caoile were duly nominated by Ms. Editha Dolon, a registered shareholder of the Registrant who is not a director, officer or substantial shareholder of the Registrant and who is not related to either of the said nominees. The Nominations Committee of the Registrant is composed of Mr. Manuel B. Villar Jr., Chairman, Mr. Achawin Asavabhokin and Atty. Cherrylyn P. Caoile, members.

Attendance in Board Meetings

Attendance of each director of the Corporation in Board meetings held during the year 2023 as follows:

	Apr 18	***Apr 28***	***Jun 26***	***Aug 14***	***Sep 28***	***Nov 14***	***Nov 24***
Manuel B. Villar Jr.	P	P	P	P	P	P	P
Manuel Paolo A. Villar	P	P	P	P	P	P	P
Cynthia J. Javarez	P	P	P	P	P	P	P
Camille A. Villar	P	P	P	P	P	P	P
Achawin Asavabhokin*	-	-	P	P	P	P	P
Marilou O. Adea*	-	-	P	P	P	P	P
Cherrylyn P. Caoile	P	P	P	P	P	P	P
Adisorn Thananun-Narapool**	A	A	-	-	-	-	-
Raul Juan N. Esteban**	P	P	-	-	-	-	-

Legend: (A) Absent, (P) Present, (-) Not Applicable
** Elected on June 26, 2023*
*** Term ended June 25, 2023*

Term of Office

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

Resignations/Declined Nominations

To date, no director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting due to disagreement with the Registrant on any matter relating to the Registrant's operations, policies, or practices.

Significant Employees

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

Family Relationships

Mr. Manuel Paolo A. Villar and Ms. Camille A. Villar, who are both directors of the Company, are siblings, and the children of Mr. Manuel B. Villar, Jr., the Chairman of the Board. Except for the aforesaid relationship, none of the Company's Director or Executive Officer is related to the others by consanguinity or affinity within the fourth civil degree.

Certain Relationships and Related Transactions

Except as disclosed in the Annual Report of the Registrant (SEC Form 17-A) for the year ended December 31, 2023, the Registrant has not had any transaction during the last two (2) years in which any Director or Executive Officer or any of their immediate family members had a direct or indirect interest.

Involvement in Certain Legal Proceedings

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

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

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

Compensation of Directors and Executive Officers

A. *Executive Compensation*

The executive officers of the Registrant are currently receiving and will continue to receive fixed salaries on a monthly basis from the respective subsidiaries or businesses of the Registrant that they manage. The compensation for its executive officers for the year 2022 and 2023 (actual) and 2024 (projected) are as shown below:

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	Head, Mall operations			
Aggregate executive compensation for above named officers		**Actual 2022**	**₱ 11.2 M**	**₱ 0.7 M**
		Actual 2023	**₱ 11.8 M**	**₱ 0.7 M**
		Projected 2024	**₱ 12.4 M**	**₱ 0.7 M**
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2022**	**₱ 6.2 M**	**₱ 0.4 M**
		Actual 2023	**₱ 6.5 M**	**₱ 0.4 M**
		Projected 2024	**₱ 6.8 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.

B. *Compensation of Directors*

Standard arrangements

Other than payment of reasonable per diem of ₱50,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly by the Company and its subsidiaries, for any services provided as a director for 2022 and 2023.

In 2023, the directors of the Company received remuneration as follows:

Director	Total Remuneration in 2023
Manuel B. Villar Jr.	n/a*
Manuel Paolo A. Villar	n/a*
Cynthia J. Javarez	n/a*
Camille A. Villar	n/a*
Adisorn Thananun-Narapool	n/a*
Achawin Asavabhokin	n/a*
Cherrylyn P. Caoile	₱ 315,789.37
Marilou O. Adea	₱ 222,222.22
Raul Juan N. Esteban	₱ 111,111.11

**The remunerations of directors are made at the Ultimate Parent Company level.*

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 and its subsidiaries, during 2022 or 2023 for any service provided as a director.

Employment contract between the company and executive officers

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

Warrants and options held by the executive officers and directors

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

Significant employee

While the Company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

Certain relationships and related transactions

As of April 30, 2024, the Villar Family Companies held 89.70% of the total issued and outstanding common share capital of the Company and 91.95% of the total issued and outstanding common and preferred share capital of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with the Villar Family Companies and their respective subsidiaries. The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties.

The transactions with related parties for the year ended December 31, 2023 are discussed in the Company's 2023 Audited Financial Statements attached as Annex "C" to this Information Statement. Please see Note 20, pages 50 to 57 of the Notes to the Financial Statements accompanying the Company's 2023 Audited Financial Statements where the (a) business purpose of the arrangement; (b) identification of the related parties transacting business with the Company and nature of the relationship; and (c) any ongoing contractual or other commitments as a result of the arrangement, are stated. The transaction price for Related Party Transactions ("RPT") are as negotiated and on an arm's length basis. All material RPT with a transaction value that reaches ten percent (10%) of the Company's total assets are subject to the review and approved for fairness by the RPT Committee.

Independent Public Accountants

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

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. In 2023, the Registrant's auditors did not perform any substantial non-audit services for the Registrant.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

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

The 2023 audit of the Company is in compliance with paragraph (3)(b)(iv) of SRC Rule 68, as Amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

For Changes in Accounting Policies, refer to Note 3 - Changes in Accounting Policies discussion on the Consolidated Financial Statements as of and for the years ended December 31, 2021, 2022, and 2023 included in this report.

Audit Committee's Approval Policies and Procedures

In relation to the audit of the Registrant's annual financial statements, the Registrant's Corporate Governance Manual provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Registrant; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Registrant with acceptable auditing and accounting standards and regulations.

The Audit Committee of the Registrant is composed of Ms. Marilou O. Adea, Chairman, and Ms. Cynthia J. Javarez and Ms. Cherrylyn P. Caoile, members.

Audit and Audit-Related Fees

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

	2023	2022
	(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	**₽ 7.99**	₽ 7.05
All other fees	–	–
Total	**₽ 7.99**	₽ 7.05

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

Tax Fees

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

OTHER MATTERS

Action with Respect to Reports

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

1. Minutes of the last Annual Meeting of Stockholders held on June 26, 2023, covering the following matters: (i) approval of the President's Report and the Annual Report for the year 2022; (ii) approval and adoption of the Audited Financial Statements for the year ended 31 December 2022; (iii) ratification of all acts of the Board of Directors and Management since the annual stockholders' meeting held in June 2022; (iv) election of the directors and independent directors of the Company for the ensuing fiscal year; and (v) appointment of the external auditor of the Company for the fiscal year 2023.

   Minutes of the 2023 Annual Meeting of Stockholders is available at the website of the Company, https://documents.starmalls.com.ph/minutes-of-meetings.php.

   The minutes contain the following information:

   (a) A description of the voting and vote tabulation procedures used in the meeting;

   (b) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;

   (c) The matters discussed and resolutions reached;

   (d) A record of the voting results for each agenda item; and

   (e) A list of the directors, officers and the percentage of outstanding and voting shares of stockholders who attended and participated in the meeting.

2. The President's Report; and

3. Audited Financial Statements for the year 2023.

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE. These minutes cover various resolutions of the Board, including declaration of cash dividends, approval of the 2022 and 2023 Audited Financial Statements, appointment of officers, opening of bank accounts, acting as surety for the loans of the subsidiaries and guarantee for the refinancing, additional and new issuance of corporate notes of its parent company and affiliates, and appointment of authorized signatories for various transactions in the normal course of business of the Company.

2. Appointment of External Auditors.

Voting Procedures

Manner of voting

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

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

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

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

A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

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

Voting requirements

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

(b) With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2023, as well as the approval or ratification of the other actions set forth under the heading "Other Proposed Actions" above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

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

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

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

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE REGISTRANT UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

Vistamalls, Inc.
Lower Ground Floor, Building B, EVIA
Lifestyle Center, Vista City, Daanghari,
Almanza II, Las Piñas City

Attention: Brian N. Edang

PART II

MANAGEMENT REPORT

I. FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2023 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

II. INFORMATION ON INDEPENDENT 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, 2021, 2022 and 2023, included in this report. Cyril Jasmin B. Valencia is the current audit partner for the Company and its subsidiaries.

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

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

	2023	2022
	(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	**₱ 7.99**	₱ 7.05
All other fees	–	–
Total	**₱ 7.99**	₱ 7.05

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

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

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

IV. MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF FIRST QUARTER ENDED MARCH 31, 2024 VS FIRST QUARTER ENDED MARCH 31, 2023

	Unaudited Jan – Mar 2024	Unaudited Jan – Mar 2023	Change	
			In Peso	**In %**
REVENUES				
Rental Income	**3,404**	2,567	837	33%
Other Operating Income	**289**	81	208	257%
	3,693	2,648	1,045	39%
COSTS AND EXPENSES				
Depreciation and Amortization	**348**	370	(22)	(6%)
Other operating and administrative (Note 15)	**343**	367	(24)	(7%)
	691	737	(46)	(6%)
OPERATING PROFIT	**3,002**	1,911	1,091	57%
OTHER INCOME (CHARGES)				
Finance income	**2**	1	1	100%
Finance costs – net	**(160)**	(167)	7	(4%)
Gain from insurance proceeds (Note 10)	**-**	-		
Equity in net earnings in associate	**120**	115	5	4%
	(38)	(51)	13	(25%)
INCOME BEFORE INCOME TAX	**2,964**	1,860	1,104	59%
PROVISION FOR INCOME TAX	**(711)**	(436)	(275)	63%
NET INCOME	**2,253**	1,424	829	58%

Revenues

Rental income increased by 33% from ₱2,567 million in the three months ended March 31, 2023 to ₱3,404 million in the period ended March 31, 2024. The increase was primarily attributable to higher occupancy and the increase in rates for the period including the upside from the higher sales of variable rental-based tenants.

Other operating income increased by 257% from ₱81 million in the three months ended March 31, 2023 to ₱289 million in the period ended March 31, 2024 due to the increase in other operating income generated from the commercial assets.

Cost and Expenses

Cost and expenses decreased by 6% to ₱691 million for the three months ended March 31, 2024 from ₱737 million for the three months ended March 31, 2023.

- Depreciation decreased by 6% from ₱367 million in the three months ended March 31, 2023 to ₱343 million for the period ended March 31, 2024 due to the transfer of some investment properties to VREIT.

- Operating expenses decreased by 7% from ₱367 million in the three months ended March 31, 2023, to ₱343 million in the period ended March 31, 2024. The decrease was primarily due to the decrease in repairs and maintenance, outside services, professional fees and other operating expenses.

Other Income (Charges)

Finance income increased by 100% from ₱1 million in the three months ended March 31, 2023 to ₱2 million in the period ended March 31, 2024 due to higher interest earned from cash in banks and receivables of the company for the period.

Finance costs decreased by 4% from ₱167 million in the period ended March 31, 2023 to ₱160 million in the period ended March 31, 2024. The decrease was due to the interest pertaining to the lease liabilities recognized.

Equity in net earnings of an associate registered at ₱120 million for ended March 31, 2024. The increase was due to the share on the higher earnings of VREIT.

Provision for Income Tax

Provision for tax increased by 63% from ₱436 million in the period ended March 31, 2023 to ₱711 million in the period ended March 31, 2024 due to the higher taxable income in the 3-months of 2024.

Net Income

As a result of the foregoing, the Group's net income increased by 58% from ₱1,424 million in the three months ended March 31, 2023 to ₱2,253 million in the three months ended March 31, 2024.

For the three months ended, March 31, 2024, except as discussed in Note 27 – *Other Matters* of the 2023 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

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

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

FINANCIAL CONDITION

	Unaudited	Audited	Change	
	03/31/2024	2023	In Pesos	In %
ASSETS				
Current Assets				
Cash and cash equivalents (Note 7)	**245**	157	88	56%
Short-term cash investment (Note 8)	**7**	7	0	-
Investment at fair value through profit or loss (Note 8)	**26**	26	0	-
Receivables (Note 9)	**12,571**	9,343	3,228	35%
Receivable from ultimate parent company	**3,045**	3,160	(115)	(4%)
Real estate properties for sale	**302**	302	0	-
Other current assets (Note 11)	**3,262**	3,184	78	2%
Total Current Assets	**19,458**	16,179	3,279	20%
Noncurrent Assets				
Investments at fair value through other comprehensive income (Note 8)	**1,232**	1,234	(2)	
Receivables - net of current portion (Note 9)	**23,267**	25,145	(1,878)	(7%)
Property and equipment	**20**	24	(4)	(17%)
Investment properties (Note 10)	**48,215**	46,626	1,589	3%
Investment in associate (Note 8)	**10,019**	9,899	120	1%
Other noncurrent assets (Note 11)	**149**	167	(18)	(11%)
Total Noncurrent Assets	**82,902**	83,095	(193)	(0.2%)
	102,360	99,274	3,086	3%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables (Note 12)	**6,053**	5,323	730	14%
Security deposits and advance rent	**1,175**	1,155	20	2%
Payable to parent company	**29,758**	30,109	(351)	(1%)
Income tax payable	**2**	2	0	-
Current portion of:				
Bank loans (Note 13)	**116**	445	(329)	(74%)
Lease liabilities	**508**	491	17	3%
Total Current Liabilities	**37,612**	37,525	87	(0.2%)
Noncurrent Liabilities				
Bank loans - net of current portion (Note 13)	**1,489**	1,275	214	17%
Lease liabilities - net of current portion	**6,271**	6,271	0	-
Pension Liabilities	**54**	54	0	-

Deferred tax liabilities – net	**9,579**	8,889	690	8%
Other non-current liabilities	**228**	386	(158)	(41%)
Total Noncurrent Liabilities	**17,621**	16,875	746	4%
Total Liabilities	**55,233**	54,400	833	2%
EQUITY (Note 14)				
Equity attributable to parent company's shareholders				
Capital Stock	**8,449**	8,449	0	-
Additional paid-in capital	**6,389**	6,389	0	-
Retained earnings	**36,144**	33,892	2,252	7%
Revaluation reserves	**-**	-		
Other Comprehensive Income	**(4,016)**	(4,016)	0	-
Total equity attributable to parent company's shareholders	**46,966**	44,714	2,252	5%
Non-controlling interest	**161**	160	1	1%
Total Equity	**47,127**	44,874	2,253	5%
	102,360	99,274	3,086	3%

As of March 31, 2024 vs. December 31, 2023

Total assets were ₱102,360 million as of March 31, 2024 and ₱99,274 million as of December 31, 2022. The 3% increase is due to the following:

- Cash and cash equivalents increased by 56% from ₱157 million as of December 31, 2023 to ₱245 million as March 31, 2024 due to the increase in cash flow from operations.

- Receivables, including non-current portion increased by 4% from ₱34,488 million as of December 31, 2023 to ₱35,838 million as of March 31, 2024 mainly due to the increase in receivables from tenants.

- Property and equipment decreased by 17% from ₱24 million as of December 31, 2023 to ₱20 million as of March 31, 2024 due to depreciation.

- Investment properties increased by 3% from ₱46,626 million as of December 31, 2023 to ₱48,215 million as of March 31, 2024 primarily due to the additions of land, buildings and improvements of investment properties for the period.

- Other assets, including non-current portion increased by 2% from ₱3,351 million as of December 31, 2023 to ₱3,411 million as of March 31, 2024 mainly due to the increase in input vat and prepaid expenses.

Total Liabilities as of March 31, 2024 registered at ₱55,233 million, slightly increased by 2% compared to ₱54,400 million as of December 31, 2023.

- Accounts and other payables increased by 14% from ₱5,323 million as of December 31, 2023 to ₱6,053 million as of March 31, 2024 due to the increase in deferred output vat and accrued expenses.

- Security deposits and advance rent increased by 2% from ₱1,155 million as of December 31, 2023 to ₱1,175 million as of March 31, 2024 due to additional deposits from new lessees for malls and offices as well as top up of security deposits and advance rent based on escalation.

- Bank loans including non-current portion, decreased by 7% from ₱1,720 million as of December 31, 2023 to ₱1,605 million as of March 31, 2024 due to settlements for the period.

- Deferred tax liabilities - net increased by 8% from ₱8,889 million as of December 31, 2023 to ₱9,579 million as of March 31, 2024 due to additional temporary differences for the period.

- Other noncurrent liabilities decreased by 41% from ₱386 million as of December 31, 2023 to ₱228 million as of March 31, 2024 due to the decrease in the non-current portion of payables to contractors and retention payable.

Total stockholder's equity increased by 5% from ₱44,874 million as of December 31, 2023 to ₱47,127 million as of March 31, 2024 due to higher income recorded for the period.

Top Five (5) Key Performance Indicators

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

Key Performance Indicators	03/31/2024	12/31/2023
Current ratio [a]	0.52	0.43
Debt-to-equity ratio [b]	0.03	0.04
	03/31/2024	**03/31/2023**
Interest coverage ratio [c]	21.70	14.35
EBITDA margin [d]	94%	96%
Return on equity [e]	19%	19%

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) Debt-to-equity ratio: This ratio is obtained by dividing the Company's Total Interest-bearing Debt 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 interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably.

(d) Earnings before interest, income taxes, depreciation and amortization (EBITDA) margin: This ratio is obtained by dividing the Company's Earnings before interest, income taxes, depreciation and amortization by the total revenue. This measures the Company's operating profitability.

(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 March 31, 2024 increased from December 31, 2022 due to the increase in current assets.

Debt to equity ratio as of March 31, 2024 decreased from that of December 31, 2023 due to settlement of debt for the period.

Interest coverage for the period ended March 31, 2024 increased because of the increase in EBITDA.

EBITDA margin improved for the period ended March 31, 2024 from the prior period due to higher income for the period.

Return on equity remains the same.

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

Cash and cash equivalents increased by 56% from ₱157 million as of December 31, 2023 to ₱245 million as March 31, 2024 due to the increase in cash flow from operations.

Property and equipment decreased by 17% from ₱24 million as of December 31, 2023 to ₱20 million as of March 31, 2024 due to depreciation.

Accounts and other payables increased by 14% from ₱5,323 million as of December 31, 2023 to ₱6,053 million as of March 31, 2024 due to the increase in deferred output vat and accrued expenses.

Bank loans including non-current portion, decreased by 7% from ₱1,720 million as of December 31, 2023 to ₱1,605 million as of March 31, 2024 due to settlements for the period.

Deferred tax liabilities - net increased by 8% from ₱8,889 million as of December 31, 2023 to ₱9,579 million as of March 31, 2024 due to additional temporary differences for the period.

Other noncurrent liabilities decreased by 41% from ₱386 million as of December 31, 2023 to ₱228 million as of March 31, 2024 due to the decrease in the non-current portion of payables to contractors and retention payable.

Material Changes to the Company's Statement of Comprehensive Income for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 (increase/decrease of 5% or more)

Rental income increased by 33% from ₱2,567 million in the three months ended March 31, 2023 to ₱3,404 million in the period ended March 31, 2024. The increase was primarily attributable to higher occupancy and the increase in rates for the period including the upside from the higher sales of variable rental-based tenants.

Other operating income increased by 257% from ₱81 million in the three months ended March 31, 2023 to ₱289 million in the period ended March 31, 2024 due to the increase in other operating income generated from the commercial assets.

Depreciation decreased by 7% from ₱367 million in the three months ended March 31, 2023 to ₱343 million for the period ended March 31, 2024 due to the transfer of some investment properties to VREIT.

Operating expenses decreased by 7% from ₱367 million in the three months ended March 31, 2023, to ₱343 million in the period ended March 31, 2024. The decrease was primarily due to the decrease in repairs and maintenance, outside services, professional fees and other operating expenses.

Finance income increased by 100% from ₱1 million in the three months ended March 31, 2023 to ₱2 million in the period ended March 31, 2024 due to higher interest earned from cash in banks and receivables of the company for the period.

Finance costs decreased by 4% from ₱167 million in the period ended March 31, 2023 to ₱160 million in the period ended March 31, 2024. The decrease was due to the interest pertaining to the lease liabilities recognized.

Equity in net earnings of an associate registered at ₱120 million for ended March 31, 2024. The increase was due to the share on the higher earnings of VREIT.

Provision for tax increased by 63% from ₱436 million in the period ended March 31, 2023 to ₱711 million in the period ended March 31, 2024 due to the higher taxable income in the 3-months of 2024.
The Group's net income increased by 58% from ₱1,424 million in the three months ended March 31, 2023 to ₱2,253 million in the nine months ended March 31, 2024.

For the three months ended, March 31, 2024, except as discussed in Note 27 – *Other Matters* of the 2023 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

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

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

There are no 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.

REVIEW OF YEAR END 2023 VS YEAR END 2022

RESULTS OF OPERATIONS

(in ₱ millions)	Years ended December 31 2023 Audited	 2022 Audited	Change In Pesos	 In %
REVENUES				
Rental income	12,673.46	11,710.84	962.62	8.22%
Parking fees	109.07	99.03	10.04	10.14%
Other operating income	358.03	332.66	25.37	7.63%
	13,140.55	12,142.52	998.03	8.22%
COSTS AND EXPENSES				
Depreciation	1,530.43	1,486.27	44.16	2.97%
Other operating and administrative	2,162.23	11,377.98	(9,215.75)	(81.00%)
	3,692.66	12,864.25	(9,171.59)	(71.30%)
OTHER INCOME (EXPENSE)				
Proceeds from insurance claims	1,841.16	-	1,841.16	-
Interest income	8.38	11.27	(2.89)	(25.63%)
Net gain from listing of an associate	-	11,155.17	-	-
Equity in net losses of an associate	571.66	610.02	(38.36)	(6.29%)
Fair value loss on investment at fair value through profit or loss	0.34	(1.41)	1.75	(123.88%)
Interest expense and other financing charges	(661.75)	(649.55)	(12.19)	1.88%
	1,759.78	11,125.49	(9,365.71)	(84.18%)
INCOME BEFORE INCOME TAX	11,207.68	10,403.77	803.91	7.73%
PROVISION FOR INCOME TAX	2,672.66	2,036.92	635.74	31.21%
NET INCOME	8,535.02	8,366.85	168.17	2.01%

Revenues

Operating revenue

Operating revenue increased from ₱12,143 million for the year ended December 31, 2022 to ₱13,141 million for the year ended December 31, 2023. The 8.2% increase in the account was primarily attributable to the following:

- Rental income increased from ₱11,711 million for the year ended December 31, 2022 to ₱12,673 million for the year ended December 31, 2023. The 8.2% increase was due to the increase in occupancy and increase in the rental rate for the year.

- Parking fee revenue increased from ₱99 million for the year ended December 31, 2022 to ₱109 million for the year ended December 31, 2023. The 10.1% increase was due to higher number of vehicles using the mall parking space.

- Other operating income increased from ₱333 million for the year ended December 31, 2022 to ₱358 million for the year ended December 31, 2023. The 7.6% increase was due to the increase in administrative fees and mall maintenance and security fees for the year.

Costs and Expenses

Operating Expenses

Cost and expenses decreased from ₱12,864 million for the year ended December 31, 2022 to ₱3,693 million for the year ended December 31, 2023. The 71.3% decrease in the account was primarily attributable to the following:

- Decrease in impairment loss on investment in associate amounting from ₱9,491 million in December 31, 2022 to ₱50 million for the year ended December 31, 2023 due to the change in the discount and cap rate which resulted to a decline in the investment fair value of VREIT.

- Increase in light and power by 53.0% from ₱265 million for the year ended December 31, 2022 to ₱405 million for the year ended December 31, 2023 due to the increase in the consumption in light and power as a result of longer mall operating hours.

- Increase in taxes, licenses and other fees by 51.8% from ₱229 million for the year ended December 31, 2022 to ₱347 million for the year ended December 31, 2023 due to higher taxes paid for the year.

- Increase in repairs and maintenance by 232.1% from ₱92 million for the year ended December 31, 2022 to ₱306 million for the year ended December 31, 2023 due to higher number of repairs and maintenance incurred for the year.

- Decrease in professional fees by 68.8% from ₱91 million for the year ended December 31, 2022 to ₱29 million for the year ended December 31, 2023 as a result of lower professional fees paid in 2023.

- Increase in advertising and promotions by 239.7% from ₱21 million for the year ended December 31, 2022 to ₱71 million for the year ended December 31, 2023 due to higher advertising fees paid for the year.

Other Income (Expense)

Interest income decreased from ₱11 million for the year ended December 31, 2022 to ₱8 million for the year ended December 31, 2023. The 25.6% decrease due to lower cash earning interest for the year.

Fair value gain (loss) on investment at fair value through profit or loss increased from a loss of ₱1 million for the year ended December 31, 2022 to a gain of ₱0.34 million for the year ended December 31, 2023. The increase resulted from the higher fair value of investment at fair value through FVTPL.

Equity in net earnings of an associate was also recorded for the year ended December 31, 2023 of ₱572 million pertaining to the share in the income of VREIT for the year.

Interest expense increased slightly by 1.9% from ₱650 million in the year ended December 31, 2022 to ₱662 million in the year ended December 31, 2023. This is due primarily to the interest pertaining to the lease liabilities recognized due to the adoption of the PFRS 16.

Provision for Income Tax

Tax expense for the year ended December 31, 2023 is ₱2,673 million, an increase of 31.2% from ₱2,037 million for the year ended December 31, 2022. 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 2.01% from ₱8,367 million in the year ended December 31, 2022 to ₱8,535 million in the year ended December 31, 2023.

For the year ended December 31, 2023, except as discussed in Note 27 – Other Matters of the 2023 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

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

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

FINANCIAL CONDITION

	Years ended December 31			
(in ₱ millions)	2023 Audited	2022 Audited	Change In Pesos	In %
ASSETS				
Current Assets				
Cash	157.31	3,516.07	(3,358.76)	(95.53%)
Short-term cash investment	7.32	7.39	(0.07)	(0.96%)
Investment at fair value through profit or loss	25.80	25.46	0.34	1.32%
Receivables	9,342.51	8,098.40	1,244.11	15.36%
Receivable from related parties	3,160.16	2,644.76	515.39	19.49%
Real estate properties for sale	301.89	302.22	-0.33	(0.11%)
Other current assets	3,184.42	3,035.45	148.97	4.91%
Total Current Assets	16,179.41	17,629.76	(1,450.36)	(8.23%)
Noncurrent Assets				
Investments at fair value through other comprehensive income	1,233.62	1,241.14	-7.52	-0.61%
Receivables - net of current portion	25,144.67	17,545.40	7,599.27	43.31%
Property and equipment	24.481458	36.54	-12.05	-32.99%
Investment properties	46,625.55	44,899.55	1,726.00	3.84%
Investment in associate	9,898.57	9,835.64	62.93	0.64%
Other noncurrent assets	167.391209	331.39	-164.00	-49.49%
Total Noncurrent Assets	83,094.28	73,889.66	9,204.62	12.46%
Total Assets	99,273.68	91,519.42	7,754.26	8.47%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	5,321.24	5,146.52	174.71	3.39%
Security deposits and advance rent	1,155.29	1,121.61	33.68	3.00%
Payable to parent company	30,109.09	32,696.19	(2,587.10)	(7.91%)
Income tax payable	2.21	10.82	(8.61)	(79.61%)
Dividends payable				
Current portion of:				
Bank loans	444.85	455.60	(10.75)	(2.36%)
Lease liabilities	491.28	462.05	29.24	6.33%
Total Current Liabilities	37,523.95	39,892.78	(2,368.83)	(5.94%)
Noncurrent Liabilities				
Bank loans - net of current portion	1,275.24	1,718.80	(443.56)	(25.81%)
Lease liabilities - net of current portion	6,270.55	6,255.10	15.46	0.25%

(Forward)

Pension liabilities	53.52	49.16	4.36	8.87%
Deferred tax liabilities – net	8,889.30	6,365.04	2,524.25	39.66%
Other noncurrent liabilities	386.31	636.53	(250.22)	(39.31%)
Total Noncurrent Liabilities	16,874.92	15,024.63	1,850.29	12.32%
Total Liabilities	54,398.87	54,917.41	(518.54)	(0.94%)
Equity				
Equity attributable to equity holders of the Parent:				
Capital stock	8,449.48	8,449.48	0.0	0.00%
Additional paid-in capital	6,389.31	6,389.31	0.0	0.00%
Retained earnings	33,891.74	25,617.07	8,141.70	32.30%
Other comprehensive income (loss)	(4,016.05)	(4,011.98)	(1,392.90)	0.10%
	44,714.49	36,443.89	6,748.80	22.69%
Non-controlling interest	160.32	158.13	2.6	1.39%
Total Equity	44,874.81	36,602.02	8,272.80	22.60%
Total Liabilities and Equity	99,273.68	91,519.42	7,754.26	8.47%

As of December 31, 2023 vs. December 31, 2022

Total assets as of December 31, 2022 were ₱91,519 million compared to ₱99,274 million as of December 31, 2023, or an 8.5% increase. This was due to the following:

- Cash and cash equivalents, including short term cash investments, decreased by 95.3% from ₱3,523 million as of December 31, 2022 to ₱165 million as of December 31, 2023 due to net cash flow used in operating and financing activities for the year.

- Receivables, including non-current portion, increased by 34.5% from ₱25,644 million as of December 31, 2022 to ₱34,487 million as of December 31, 2023 due to the increase in accrued rent, receivables from related parties, and advances to contractors.

- Property and equipment decreased by 33.0% from ₱37 million as of December 31, 2022 to ₱24 million as of December 31, 2023 due to depreciation recognized for the year.

- Investment associates slightly increased by 0.6% from ₱9,836 million as of December 31, 2022 to ₱9,899 million as of December 31, 2023 due primarily to the share in net earnings recorded.

- Investment properties increased by 3.8% from ₱44,900 million as of December 31, 2022 to ₱46,626 million as of December 31, 2023 due to the additions for the year.

- Other assets including non-current portion slightly decreased by 0.5% from ₱3,367 million as of December 31, 2022 to ₱3,352 million as of December 31, 2023 due primarily to decreases in refundable deposits and creditable withholding taxes.

Total liabilities as of December 31, 2023 were ₱54,399 million compared to ₱54,917 million as of December 31, 2022, or a 0.9% decrease. This was due to the following:

- Accounts and other payables increased by 3.4% from ₱5,147 million as of December 31, 2022 to ₱5,321 million as of December 31, 2023 due to the increase in deferred output VAT, current portion of retention payable and accrued expenses.

- Security deposits and advance rent increased by 3.0% from ₱1,122 million as of December 31, 2022 to ₱1,155 million as of December 31, 2023 due to the increase in the security deposits and advance rent for the year.

- Payable to parent company decreased by 7.9% from ₱32,696 million as of December 31, 2022 to ₱30,109 million as of December 31, 2023 due to settlements made to parent company during the year.

- Income tax payable decreased by 79.6% from ₱11 million as of December 31, 2022 to ₱2 million as of December 31, 2023 due to the settlements made during the year.

- Bank Loans, including non-current portion, decreased by 20.9% from ₱2,174 million as of December 31, 2022 to ₱1,720 million as of December 31, 2023 due to settlements made during the year.

- Pension liabilities increased by 8.9% from ₱49 million as of December 31, 2022 to ₱54 million as of December 31, 2023 due to actuarial adjustments.

- Deferred tax liabilities – net posted an increase of 39.7% from ₱6,365 million as of December 31, 2022 to ₱8,889 million as of December 31, 2023 due to the increase in temporary differences for the period that will eventually result to future tax liability.

- Other non-current liabilities decreased by 39.3% from ₱637 million as of December 31, 2022 to ₱386 million as of December 31, 2023 due to the decrease in the retention payable.

Total stockholder's equity increased by 22.6% from ₱36,602 million as of December 31, 2022 to ₱44,875 million as of December 31, 2023 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	12/31/2023	12/31/2022
Current ratio [a]	0.43:1	0.44:1
Liability-to-equity ratio [b]	1.21:1	1.50:1
Interest coverage [c]	100.66	64.40
Return on assets [d]	8.60%	9.1%
Return on equity [e]	19.02%	22.9%

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, 2023 decreased from that of December 31, 2022 due to the decrease in current assets and liabilities.

The decrease in liability-to-equity ratio was due to the higher increase in total equity compared to the increase in liabilities.

Interest coverage for the year ended December 31, 2023 increased because of the higher EBITDA for the year.

Return on asset decreased due to the higher increase in total assets compared to the slight increase in net income.

Return on equity decreased due the higher increase in total assets compared to the slight increase in equity.

Material Changes to the Company's Balance Sheet as of December 31, 2023 compared to December 31, 2022 (increase/decrease of 5% or more)

Cash and cash equivalents including short term cash investments decreased by 95.3% from ₱3,523 million as of December 31, 2022 to ₱165 million as of December 31, 2023 due to net cash flow used in operating and financing activities for the year.

Receivables, including non-current portion, increased by 34.5% from ₱25,644 million as of December 31, 2022 to ₱34,487 million as of December 31, 2023 due to the increase in accrued rent, receivables from related parties, and advances to contractors.

Property and equipment decreased by 33.0% from ₱37 million as of December 31, 2022 to ₱24 million as of December 31, 2023 due to depreciation recognized for the year.

Payable to parent company decreased by 7.9% from ₱32,696 million as of December 31, 2022 to ₱30,109 million as of December 31, 2023 due to settlements made to parent company during the year.

Income tax payable decreased by 79.6% from ₱11 million as of December 31, 2022 to ₱2 million as of December 31, 2023 due to the settlements made during the year.

Bank Loans, including non-current portion decreased by 20.9% from ₱2,174 million as of December 31, 2022 to ₱1,720 million as of December 31, 2023 due to settlements made during the year.

Pension liabilities increased by 8.9% from ₱49 million as of December 31, 2022 to ₱54 million as of December 31, 2023 due to actuarial adjustments.

Deferred tax liabilities – net posted an increase of 39.7% from ₱6,365 million as of December 31, 2022 to ₱8,889 million as of December 31, 2023 due to the increase in temporary differences for the period that will eventually result to future tax liability.

Other non-current liabilities decreased by 39.3% from ₱637 million as of December 31, 2022 to ₱386 million as of December 31, 2023 due to the decrease in the retention payable.

Material Changes to the Company's Statement of income for the year ended December 31, 2023 compared to the year ended December 31, 2022 (increase/decrease of 5% or more)

Rental income increased from ₱11,711 million for the year ended December 31, 2022 to ₱12,673 million for the year ended December 31, 2023. The 8.2% increase was due to the increase in occupancy and increase in the rental rate for the year.

Parking fee revenue increased from ₱99 million for the year ended December 31, 2022 to ₱109 million for the year ended December 31, 2023. The 10.1% increase was due to higher number of vehicles using the mall parking space.

Other operating income increased from ₱333 million for the year ended December 31, 2022 to ₱358 million for the year ended December 31, 2023. The 7.6% increase was due to the increase in administrative fees and mall maintenance and security fees for the year.

Increase in light and power by 53.0% from ₱265 million for the year ended December 31, 2022 to ₱405 million for the year ended December 31, 2023 due to the increase in the consumption in light and power as a result of longer mall operating hours.

Increase in taxes, licenses and other fees by 51.8% from ₱229 million for the year ended December 31, 2022 to ₱347 million for the year ended December 31, 2023 due to higher taxes paid for the year.

Increase in repairs and maintenance by 232.1% from ₱92 million for the year ended December 31, 2022 to ₱306 million for the year ended December 31, 2023 due to higher number of repairs and maintenance incurred for the year.

Decrease in professional fees by 68.8% from ₱91 million for the year ended December 31, 2022 to ₱29 million for the year ended December 31, 2023 as a result of lower professional fees paid in 2023.

Increase in advertising and promotions by 239.7% from ₱21 million for the year ended December 31, 2022 to ₱71 million for the year ended December 31, 2023 due to higher advertising fees paid for the year.

Interest income decreased from ₱11 million for the year ended December 31, 2022 to ₱8 million for the year ended December 31, 2023. The 25.6% decrease due to lower cash earning interest for the year.

Tax expense for the year ended December 31, 2023 is ₱2,673 million, an increase of 31.2% from ₱2,037 million for the year ended December 31, 2022. This is due primarily to the higher taxable income recorded for the year.

The Company's net income increased by 2.01% from ₱8,367 million in the year ended December 31, 2022 to ₱8,535 million in the year ended December 31, 2023. For the year ended December 31, 2023, except as discussed in Note 27 – Other Matters of the 2023 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

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

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

REVIEW OF YEAR END 2022 VS YEAR END 2021

RESULTS OF OPERATIONS

	Years ended December 31			
(in ₱ millions)	**2022**	**2021**	**Change**	
	Audited	**Audited**	**In Pesos**	**In %**
REVENUES				
Rental income	11,710.8	8,836.2	2,874.7	32.5%
Parking fees	99.0	121.9	(22.9)	-18.8%
Other operating income	332.7	268.0	64.6	24.1%
	12,142.5	**9,226.1**	**2,916.5**	**31.6%**
COSTS AND EXPENSES				
Depreciation	1,486.27	1,910.01	(423.7)	-22.2%
Other operating and administrative	11,377.98	1,770.71	9,607.3	542.6%
	12,864.2	**3,680.7**	**9,183.5**	**249.5%**
OTHER INCOME (EXPENSE)				
Interest income	11.3	4.2	7.0	166.4%
Net gain from listing of an associate	11,155.17	-	-	-
Equity in net losses of an associate	610.02	-	-	-
Fair value loss on investment at fair value through profit or loss	-0.1	4.6	(4.7)	-103.1%
Interest expense and other financing charges	-649.6	-562.6	(87.0)	15.5%
	11,126.8	**(553.8)**	**(84.7)**	**-2109.3%**
INCOME BEFORE INCOME TAX	10,403.77	4,991.60	5,412.2	108.4%
PROVISION FOR INCOME TAX	2,036.9	583.9	1,453.0	248.8%
NET INCOME	**8,366.85**	**4,407.70**	**3,959.15**	**89.82%**

Revenues

Operating revenue

Operating revenue increased from ₱9,226 million for the year ended December 31, 2021, to ₱12,143 million for the year ended December 31, 2022. The 31.6%% increase in the account was primarily attributable to the following:

- Rental income increased from ₱8,836 million for the year ended December 31, 2021, to ₱11,711 million for the year ended December 31, 2022. The 32.5% increase was due to the increase in occupancy and increase in the rental rate for the year.

- Parking fee revenue decreased from ₱122 million for the year ended December 31, 2021, to ₱99 million for the year ended December 31, 2022. The 18.8% decrease was due to lower number of vehicles using the mall parking space.

- Other operating income increased from ₱268 million for the year ended December 31, 2021 to ₱333 million for the year ended December 31, 2022. The 24.1% increase was due to the increase in other operating income for the year.

Costs and Expenses

Operating Expenses

Cost and expenses increased from ₱3,681 million for the year ended December 31, 2021, to ₱12,864 million for the year ended December 31, 2022. The 249.5% increase in the account was primarily attributable to the following:

- Recognition of impairment loss on investment in associate amounting to ₱9,491 million for the year ended December 31, 2022 due to the change in the discount and cap rate which resulted to a decline in the investment fair value of VREIT.

- Decrease in depreciation by 22.2% from ₱1,910 million for the year ended December 31, 2021 to ₱1,486 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.

- Decrease in light and power by 18.8% from ₱326 million for the year ended December 31, 2021 to ₱265 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.

- Decrease in outside services by 27.3% from ₱256 million for the year ended December 31, 2021 to ₱186 million for the year ended December 31, 2022 due to transfer of some investment properties to VREIT.

- Decrease in provision for expected credit losses by 20.6% from ₱309 million for the year ended December 31, 2021 to ₱245 million for the year ended December 31, 2022 due to improvement in the accounts and investments for the year.

- Decrease in taxes, licenses and other fees by 19.5% from ₱284 million for the year ended December 31, 2021 to ₱229 million for the year ended December 31, 2022 due to transfer of some investment properties to VREIT.

- Decrease in repairs and maintenance by 26.5% from ₱125 million for the year ended December 31, 2021 to ₱92 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.

- Increase in professional fees by 152.9% from ₱36 million for the year ended December 31, 2021 to ₱91 million for the year ended December 31, 2022 due to the various professional fees related to the VREIT listing.

- Decrease in advertising and promotions by 15.4% from ₱25 million for the year ended December 31, 2021 to ₱21 million for the year ended December 31, 2022 due to the shift to digital marketing and transfer of some investment properties to VREIT.

- Decrease in rentals by 58.1% from ₱8 million for the year ended December 31, 2021 to ₱3 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.

Other Income (Expense)

Interest income increased from ₱4 million for the year ended December 31, 2021 to ₱11 million for the year ended December 31, 2022. The 166.4% increase is due to higher cash earning interest for the year.

Fair value gain (loss) on investment at fair value through profit or loss decreased from a gain of ₱5 million for the year ended December 31, 2021 to a loss of ₱1 million for the year ended December 31, 2022. The 130.6% decrease resulted from the lower fair value of investment at fair value through FVTPL.

The Company also recognized net gain from listing of associate of ₱11,155 million for the year ended December 31, 2022 as a result of the listing of VREIT.

Equity in net losses of an associate was also recorded for the year ended December 31, 2022 of ₱610 million pertaining to the share in the loss of VREIT for the year.

Interest expense increased by 15.5% from ₱563 million in the year ended December 31, 2021 to ₱650 million in the year ended December 31, 2022. This is due primarily to the interest pertaining to the lease liabilities recognized due to the adoption of the PFRS 16.

Provision for Income Tax

Tax expense for the year ended December 31, 2022 is ₱2,037 million an increase of 248.9% from ₱584 million for the year ended December 31, 2021. 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 89.8% from ₱4,408 million in the year ended December 31, 2021 to ₱8,367 million in the year ended December 31, 2022.

For the year ended December 31, 2022, except as discussed in *Note 27 – Other Matters* of the 2022 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

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

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

FINANCIAL CONDITION

	Years ended December 31			
(in ₱ millions)	**2022 Audited**	**2021 Audited**	**Change In Pesos**	**In %**
ASSETS				
Current Assets				
Cash	3,516.1	234.9	3,281.2	1,396.92%
Short-term cash investment	7.4	7.3	0.1	0.97%
Investment at fair value through profit or loss	25.5	26.9	(1.4)	(5.25%)
Receivables	8,098.4	7,477.3	621.1	8.31%
Receivable from ultimate parent company	2,644.8	2,779.6	(134.8)	(4.85%)
Real estate properties for sale	302.2	302.2	0.0	0.00%
Other current assets	3,035.5	3,368.4	(332.9)	(9.88%)
Total Current Assets	**17,629.8**	**14,196.6**	**3,433.2**	**24.2%**
Noncurrent Assets				
Investments at fair value through other comprehensive income	1,241.1	2,655.3	(1,414.2)	(53.3%)
Receivables - net of current portion	17,545.4	11,379.9	6,165.5	54.2%
Property and equipment	36.5	57.0	(20.5)	(35.9%)
Investment properties	44,899.6	51,896.3	(6,996.7)	(13.5%)
Investment in associate	9,835.6	204.5	9,631.1	4,709.6%
Other noncurrent assets	331.4	282.5	2,421.7	17.3%
Total Noncurrent Assets	**73,889.7**	**66,475.5**	**7,414.2**	**11.2%**
Total Assets	**91,519.4**	**80,672.0**	**10,847.4**	**13.4%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	5,146.5	4,291.6	854.9	19.9%
Security deposits and advance rent	1,121.6	1,351.0	(229.3)	(17.0%)
Payable to parent company	32,696.2	31,039.5	1,656.7	5.3%
Income tax payable	10.8	16.8	(6.0)	(35.8%)
Dividends payable				
Current portion of:				-
Bank loans	455.6	1,711.5	(1,255.9)	(73.4%)
Lease liabilities	462.0	422.7	39.4	9.3%
Total Current Liabilities	**39,892.8**	**38,833.1**	**1,059.7**	**2.7%**
Noncurrent Liabilities				
Bank loans - net of current portion	1,718.8	296.9	1,421.9	479.0%
Lease liabilities - net of current portion	6,255.1	6,215.9	39.2	0.6%
(Forward)				
Pension liabilities	49.2	64.3	(15.2)	(23.6%)
Deferred tax liabilities – net	6,365.0	4,494.2	1,870.8	41.6%
Other noncurrent liabilities	636.5	917.1	(280.6)	(30.6%)
Total Noncurrent Liabilities	**15,024.6**	**11,988.4**	**3,036.2**	**25.3%**
Total Liabilities	**54,917.4**	**50,821.5**	**4,095.9**	**8.1%**
Equity				
Equity attributable to equity holders of the Parent:				
Capital stock	8,449.5	8,449.5	0.0	0.0%

Additional paid-in capital	6,389.3	6,389.3	0.0	0.0%
Retained earnings	25,617.1	17,475.4	8,141.7	46.6%
Other comprehensive income (loss)	(4,012.0)	(2,619.1)	(1,392.9)	53.2%
	36,443.9	29,695.1	6,748.8	22.7%
Non-controlling interest	158.1	155.5	2.6	1.7%
Total Equity	**36,602.0**	**29,850.6**	**6,751.4**	**22.6%**
Total Liabilities and Equity	**91,519.4**	**80,672.0**	**10,847.4**	**13.4%**

As of December 31, 2022 vs. December 31, 2021

Total assets as of December 31, 2021 were ₱80,672 million compared to ₱91,519 million as of December 31, 2022, or a 13.4% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments increased by 1,354.7% from ₱242 million as of December 31, 2021 to ₱3,523 million as of December 31, 2022 due to cash proceeds from the listing of VREIT.

- Investments at fair value through profit/loss and other comprehensive income, including non-current portion, decreased by 5.2% from ₱2,682 million as of December 31, 2021 to ₱1,267 million as of December 31, 2022 due to the decrease in fair value of quoted equity securities for the year.

- Receivables, including non-current portion, increased by 36.0% from ₱18,857 million as of December 31, 2021 to ₱25,644 million as of December 31, 2022 due to the increase in accounts receivable from tenants and accrued rent.

- Property and equipment decreased by 35.9% from ₱57 million as of December 31, 2021 to ₱37 million as of December 31, 2022 due to depreciation recognized for the year.

- Investment associates increased by 4,709.6% from ₱205 million as of December 31, 2021 to ₱9,836 million as of December 31, 2022 due primarily to the investments in VREIT classified as associate.

- Investment properties decreased by 13.5% from ₱51,896 million as of December 31, 2021 to ₱44,900 million as of December 31, 2022 due primarily to transfer of some investment properties to VREIT.

- Other assets, including non-current portion, decreased by 7.8% from ₱3,651 million as of December 31, 2021 to ₱3,367 million as of December 31, 2022 due primarily to decreases in prepaid expenses, refundable deposits and creditable withholding taxes for the year.

Total liabilities as of December 31, 2022 were ₱53,712 million compared to ₱50,821 million as of December 31, 2021, or a 5.7% increase. This was due to the following:

- Accounts and other payables increased by 19.9% from ₱4,292 million as of December 31, 2021 to ₱5,147 million as of December 31, 2022 due to the settlements for the year.

- Security deposits and advance rent decreased by 17.0% from ₱1,351 million as of December 31, 2021 to ₱1,122 million as of December 31, 2022 due to transfer of some investment properties to VREIT.

- Payable to parent company increased by 5.3% from ₱31,039 million as of December 31, 2021 to ₱32,696 million as of December 31, 2022 due to advances from parent company made during the year.

- Income tax payable decreased by 35.8% from ₱17 million as of December 31, 2021 to ₱11 million as of December 31, 2022 due to the settlements made during the year.

- Bank Loans, including non-current portion, increased by 8.3% from ₱2,008 million as of December 31, 2021 to ₱2,174 million as of December 31, 2022 due to refinancing made during the year.

- Pension liabilities decreased by 23.6% from ₱64 million as of December 31, 2021 to ₱49 million as of December 31, 2022 due to actuarial adjustments.

- Deferred tax liabilities – net posted an increase of 41.6% from ₱4,494 million as of December 31, 2021 to ₱6,365 million as of December 31, 2022 due to the increase in temporary differences for the period that will eventually result to future tax liability.

- Other non-current liabilities decreased by 30.6% from ₱917 million as of December 31, 2021 to ₱637 million as of December 31, 2022 due to the decrease in the retention payable, advance rent and payables to contractors.

Total stockholder's equity increased by 22.6% from ₱29,851 million as of December 31, 2021 to ₱36,602 million as of December 31, 2022 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	12/31/2022	12/31/2021
Current ratio [(a)]	0.44:1	0.37:1
Liability-to-equity ratio [(b)]	1.50:1	1.70:1
Interest coverage [(c)]	105.93	34.41
Return on assets [(d)]	9.1%	5.5%
Return on equity [(e)]	22.9%	14.8%

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, 2022 increased from that of December 31, 2021 due to the increase in current assets.

The decrease in liability-to-equity ratio was due to the higher increase in equity compared to the increase in total liabilities.

Interest coverage for the year ended December 31, 2022 increased because of the higher EBITDA for the year.

Return on asset increased due to the higher net income for the year.

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

Material Changes to the Company's Balance Sheet as of December 31, 2022 compared to December 31, 2021 (increase/decrease of 5% or more)

Cash and cash equivalents including short term cash investments increased by ₱1,354.7% from ₱242 million as of December 31, 2021 to ₱3,523 million as of December 31, 2022 due to cash proceeds from the listing of VREIT.

Investments at fair value through profit/loss and other comprehensive income, including non-current portion, decreased by 52.8% from ₱2,682 million as of December 31, 2021 to ₱1,267 million as of December 31, 2022 due to the decrease in fair value of quoted equity securities for the year.

Receivables, including non-current portion, increased by 36.0% from ₱18,857 million as of December 31, 2021 to ₱25,644 million as of December 31, 2022 due to the increase in accounts receivable from tenants and accrued rent.

Property and equipment decreased by 35.9% from ₱57 million as of December 31, 2021 to ₱37 million as of December 31, 2022 due to depreciation recognized for the year.

Investment associates increased by 4,709.6% from ₱205 million as of December 31, 2021 to ₱9,836 million as of December 31, 2022 due primarily to the investments in VREIT classified as associate.

Investment properties decreased by 13.5% from ₱51,896 million as of December 31, 2021 to ₱44,900 million as of December 31, 2022 due primarily to transfer of some investment properties to VREIT.

Other assets, including non-current portion, decreased by 7.8% from ₱3,651 million as of December 31, 2021 to ₱3,367 million as of December 31, 2022 due primarily to decreases in prepaid expenses, refundable deposits and creditable withholding taxes for the year.

Accounts and other payables increased by 19.9% from ₱4,292 million as of December 31, 2021 to ₱5,147 million as of December 31, 2022 due to the settlements for the year.

Security deposits and advance rent decreased by 17% from ₱1,351 million as of December 31, 2021 to ₱1,122 million as of December 31, 2022 due to transfer of some investment properties to VREIT.

Payable to parent company increased by 5.3% from ₱31,039 million as of December 31, 2021 to ₱32,696 million as of December 31, 2022 due to advances from parent company made during the year.

Income tax payable decreased by 35.8% from ₱17 million as of December 31, 2021 to ₱11 million as of December 31, 2022 due to the settlements made during the year.

Bank Loans, including non-current portion, increased by 8.3% from ₱2,008 million as of December 31, 2021 to ₱2,174 million as of December 31, 2022 due to refinancing made during the year.

Pension liabilities decreased by 23.6% from ₱64 million as of December 31, 2021 to ₱49 million as of December 31, 2022 due to actuarial adjustments.

Deferred tax liabilities – net posted an increase of 41.6% from ₱4,494 million as of December 31, 2021 to ₱6,365 million as of December 31, 2022 due to the increase in temporary differences for the period that will eventually result to future tax liability.

Other non-current liabilities decreased by 30.6% from ₱917 million as of December 31, 2021 to ₱637 million as of December 31, 2022 due to the decrease in the retention payable, advance rent and payables to contractors.

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

Rental income increased from ₱8,836 million for the year ended December 31, 2021 to ₱11,711 million for the year ended December 31, 2022. The 32.5% increase was due to the increase in occupancy and increase in the rental rate for the year.

Parking fee revenue decreased from ₱122 million for the year ended December 31, 2021 to ₱99 million for the year ended December 31, 2022. The 18.8% decrease was due to lower number of vehicles using the mall parking space.

Other operating income increased from ₱268 million for the year ended December 31, 2021 to ₱333 million for the year ended December 31, 2022. The 24.1% increase was due to the increase in other operating income for the year.

Recognition of impairment loss on investment in associate amounting to ₱9,491 million for the year ended December 31, 2022 due to the change in the discount and cap rate which resulted to a decline in the investment fair value of VREIT.

Decrease in depreciation by 22.2% from ₱1,910 million for the year ended December 31, 2021 to ₱1,486 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.

Decrease in light and power by 18.8% from ₱326 million for the year ended December 31, 2021 to ₱265 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.

Decrease in outside services by 27.3% from ₱256 million for the year ended December 31, 2021 to ₱186 million for the year ended December 31, 2022 due to transfer of some investment properties to VREIT.

Decrease in provision for expected credit losses by 20.6% from ₱309 million for the year ended December 31, 2021 to ₱245 million for the year ended December 31, 2022 due to improvement in the accounts and investments for the year.

Decrease in taxes, licenses and other fees by 19.5% from ₱284 million for the year ended December 31, 2021 to ₱229 million for the year ended December 31, 2022 due to transfer of some investment properties to VREIT.

Decrease in repairs and maintenance by 26.5% from ₱125 million for the year ended December 31, 2021 to ₱92 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.

Increase in professional fees by 152.9% from ₱36 million for the year ended December 31, 2021 to ₱91 million for the year ended December 31, 2022 due to the various professional fees related to the VREIT listing.

Decrease in advertising and promotions by 15.4% from ₱25 million for the year ended December 31, 2021 to ₱21 million for the year ended December 31, 2022 due to the shift to digital marketing and transfer of some investment properties to VREIT.

Decrease in rentals by 58.1% from ₱8 million for the year ended December 31, 2021 to ₱3 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.

Interest income increased from ₱4 million for the year ended December 31, 2021 to ₱11 million for the year ended December 31, 2022. The 166.4% increase is due to higher cash earning interest for the year.

Fair value gain (loss) on investment at fair value through profit or loss decreased from a gain of ₱5 million for the year ended December 31, 2021 to a loss of ₱1 million for the year ended December 31, 2022. The 130.6% decrease resulted from the lower fair value of investment at fair value through FVTPL.

The Company also recognized net gain from listing of associate of ₱11,155 million for the year ended December 31, 2022 as a result of the listing of VREIT.

Equity in net losses of an associate was also recorded for the year ended December 31, 2022 of ₱3,736 million pertaining to the share in the loss of VREIT for the year.

Interest expense increased by 15.5% from ₱563 million in the year ended December 31, 2021 to ₱650 million in the year ended December 31, 2022. This is due primarily to the interest pertaining to the lease liabilities recognized due to the adoption of the PFRS 16.

Tax expense for the year ended December 31, 2022 is ₱2,037 million an increase of 248.9% from ₱584 million for the year ended December 31, 2021. This is due primarily to the higher taxable income recorded for the year.

The Company's net income increased by 89.8% from ₱4,408 million in the year ended December 31, 2021to ₱8,367 million in the year ended December 31, 2022.

For the year ended December 31, 2022, except as discussed in *Note 27 – Other Matters* of the 2022 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

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

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

REVIEW OF YEAR END 2021 VS YEAR END 2020

RESULTS OF OPERATIONS

	Years ended December 31			
(in ₱ millions)	**2021 Audited**	**2020 Audited**	**Change In Pesos**	**%age In %**
REVENUES				
Rental income	8,836.2	6,843.5	1,992.7	29.1%

Parking fees	121.9	115.1	6.8	5.9%
Other operating income	268.0	314.4	(46.4)	(14.8)%
	9,226.1	**7,273.1**	**1,963.0**	**26.9%**
COSTS AND EXPENSES				
Depreciation	1,910.0	1,545.6	364.4	23.6%
Other operating and administrative expenses	1,770.7	1,390.1	380.6	27.4%
	3,680.7	**2,935.7**	**745.0**	**25.4%**
OTHER INCOME (EXPENSE)				
Interest income	4.2	45.0	(40.8)	(90.6)%
Fair value loss on investment at fair value through profit or loss	4.6	(7.4)	12.0	(162.2)%
Interest expense and other financing charges	(562.6)	(522.0)	(40.6)	7.8%
	(553.8)	**(484.4)**	**(69.4)**	**14.3%**
INCOME BEFORE INCOME TAX	**4,991.6**	**3,853.0**	**1,138.6**	**29.6%**
PROVISION FOR INCOME TAX	**583.9**	**1,132.3**	**(548.4)**	**(48.4)%**
NET INCOME	**4,407.7**	**2,720.7**	**1,687.0**	**62.0%**

Revenues

Operating revenue

Operating revenue increased from ₱7,273 million for the year ended December 31, 2020 to ₱9,226 million for the year ended December 31, 2021. The 26.9% increase in the account was primarily attributable to the following:

- Rental income increased from ₱6,843 million for the year ended December 31, 2020 to ₱8,836 million for the year ended December 31, 2021. The 29.1% increase was due to the increase in occupancy and increase in the rental rate.

- Parking fee revenue increased from ₱115 million for the year ended December 31, 2020 to ₱122 million for the year ended December 31, 2021. The 5.9% increase was due to higher number of vehicles using the mall parking space.

- Other operating income decreased from ₱314 million for the year ended December 31, 2020 to ₱268 million for the year ended December 31, 2021. The 14.8% decrease was due to the decrease in gain on derecognition of liabilities.

Costs and Expenses

Operating Expenses

Cost and expenses increased from ₱2,936 million for the year ended December 31, 2020 to ₱3,681 million for the year ended December 31, 2021. The 25.4% increase in the account was primarily attributable to the following:

- Increase in depreciation by 23.6% from ₱1,546 million for the year ended December 31, 2020 to ₱1,910 million for the year ended December 31, 2021 due to the additional depreciation from the additions of investment properties and property and equipment.

- Increase in light and power by 40.1% from ₱233 million for the year ended December 31, 2020 to ₱326 million for the year ended December 31, 2021 due to the increase in the consumption in light and power as a result of longer mall operating hours.

- Decrease in outside services by 8.8% from ₱280 million for the year ended December 31, 2020 to ₱256 million for the year ended December 31, 2021 due to cost rationalization.

- Decrease in salaries and employee benefits by 5.8% from ₱253 million for the year ended December 31, 2020 to ₱238 million for the year ended December 31, 2021 due to the decrease in manpower for the operations and management.

- Increase in provision for impairment loss by 275.7% from ₱82 million for the year ended December 31, 2020 to ₱309 million for the year ended December 31, 2021 due to the increase in accounts receivable from tenants.

- Decrease in advertising and promotions by 23.9% from ₱32 million for the year ended December 31, 2020 to ₱25 million for the year ended December 31, 2021 due to the shift to digital marketing.

Other Income (Expense)

Interest income decreased from ₱45 million for the year ended December 31, 2020 to ₱4 million for the year ended December 31, 2021. The 90.6% decrease resulted from the lower interest earned from in cash in banks, investments and receivables of the company for the year.

Fair value gain (loss) on investment at fair value through profit or loss increased from a loss of ₱7 million for the year ended December 31, 2020 to a gain of ₱5 million for the year ended December 31, 2021. The 162.2% increase resulted from the higher fair value of investment at fair value through FVTPL.

Interest expense increased by 7.8% from ₱522 million in the year ended December 31, 2020 to ₱563 million in the year ended December 31, 2021. This is due primarily to the interest pertaining to the of-lease liabilities recognized due to the adoption of the PFRS 16.

Provision for Income Tax

Tax expense for the year ended December 31, 2021 is ₱584 million a decrease of 48.4% from ₱1,132 million for the year ended December 31, 2020. This is due primarily to the lower taxable income recorded for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 62.0% from ₱2,721 million in the year ended December 31, 2020 to ₱4,408 million in the year ended December 31, 2021.

For the year ended December 31, 2021, except as discussed in *Note 27 – Other Matters* of the 2021 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

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

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

FINANCIAL CONDITION

(in ₱ millions)	Years ended December 31			
	2021 Audited	2020 Audited	Change In Pesos	%age In %
ASSETS				
Current Assets				
Cash	234.9	164.4	70.5	42.9%
Short-term cash investment	7.3	7.5	(0.2)	(2.3)%
Investment at fair value through profit or loss	26.9	22.3	4.6	20.7%
Receivables	7,477.3	5,165.6	2,311.8	44.8%
Receivable from ultimate parent company	2,779.6	2,779.6	-	-
Real estate properties for sale	302.2	301.8	0.4	0.1%
Other current assets	3,368.4	3,061.7	306.7	10.0%
Total Current Assets	**14,196.6**	**11,502.7**	**2,693.8**	**23.4%**
Noncurrent Assets				
Investments at fair value through other comprehensive income	2,655.3	3,520.3	(2,294.2)	(39.5)%
Receivables - net of current portion	11,379.9	8,469.3	1,412.6	20.0%
Property and equipment	57.0	65.4	(14.6)	(18.2)%
Investment properties	51,896.3	49,474.6	1,619.8	3.4%
Investment in associate	204.5	-	204.5	-
Other noncurrent assets	282.5	659.4	(14.6)	(2.2)%
Total Noncurrent Assets	**66,475.5**	**62,189.0**	**709.0**	**1.2%**
	80,672.0	**73,691.8**	**3,065.6**	**4.3%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	4,291.6	4,081.6	210.1	5.1%
Security deposits and advance rent	1,351.0	734.4	616.6	84.0%
Payable to parent company	31,039.5	29,460.9	1,578.6	5.4%
Income tax payable	16.8	34.6	(17.8)	(51.3)%
Dividends payable	-	-	-	-
Current portion of:				
Bank loans	1,711.5	645.9	1,065.6	165.0%
Lease liabilities	422.7	62.7	360.0	574.2%
Total Current Liabilities	**38,833.1**	**35,020.0**	**3,813.0**	**10.9%**
Noncurrent Liabilities				
Bank loans - net of current portion	296.9	2,326.2	(2,029.4)	(87.2)%
Lease liabilities - net of current portion	6,215.9	3,674.0	2,541.9	69.2%
Pension liabilities	64.3	71.2	(6.8)	(9.6)%
Deferred tax liabilities - net	4,494.2	4,056.3	437.9	10.8%
Other noncurrent liabilities	917.1	2,113.3	(1,196.2)	(56.6)%
Total Noncurrent Liabilities	**11,988.4**	**12,241.0**	**(252.6)**	**(2.1)%**
	50,821.5	**47,261.1**	**3,560.4**	**7.5%**
Equity				
Equity attributable to equity holders of the Parent Company:				
Capital stock	8,449.5	8,449.5	-	-
Additional paid-in capital	6,389.3	6,389.3	-	-
Retained earnings	17,475.4	13,204.2	4,271.2	32.3%
Other comprehensive income (loss)	(2,619.1)	(1,768.5)	(850.6)	48.1%
	29,695.1	26,274.4	3,420.7	13.0%
Non-controlling interest	15.5	156.3	(0.8)	(0.5)%
Total Equity	**29,850.6**	**26,430.7**	**3,419.9**	**12.9%**
	80,672,0	**73,691.8**	**6,980.3**	**9.5%**

As of December 31, 2021 vs. December 31, 2020

Total assets as of December 31, 2020 were ₱73,692 million compared to ₱80,672 million as of December 31, 2021, or a 9.5% increase. This was due to the following:

- Cash and cash equivalents including short term cash investments increased by 40.9% from ₱172 million as of December 31, 2020 to ₱242 million as of December 31, 2021 due to higher cash provided from operating activities for the period.

- Investments at fair value through profit/loss and other comprehensive income including non-current portion decreased by 39% from ₱3,543 million as of December 31, 2020 to ₱2,682 million as of December 31, 2020 due to the decrease in fair value of quoted equity securities for the year.

- Receivables, including non-current portion, increased by 38.3% from ₱13,635 million as of December 31, 2020 to ₱18,857 million as of December 31, 2021 due to the increase in accounts receivable from tenants and accrued rent.

- Property and equipment decreased by 12.8% from ₱65 million as of December 31, 2020 to ₱57 million as of December 31, 2021 due to depreciation recognized for the year.

- Investment properties increased by 4.9% from ₱49,475 million as of December 31, 2020 to ₱51,896 million as of December 31, 2021 due primarily to the additions to commercial developments, acquisition of land for commercial development during the year.

Total labilities as of December 31, 2021 were ₱50,821 million compared to ₱47,261 million as of December 31, 2020, or a 7.5% increase. This was due to the following:

- Accounts and other payables increased by 5.1% from ₱4,082 million as of December 31, 2020 to ₱4,292 million as of December 31, 2021 due to the increase in accounts payable to contractors and suppliers, and retention payable for the year.

- Security deposits and advance rent increased by 84.0% from ₱734 million as of December 31, 2020 to ₱1,351 million as of December 31, 2021 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 5.4% from ₱29,461 million as of December 31, 2020 to ₱31,039 million as of December 31, 2021 due to advances from parent company made during the year.

- Income tax payable decreased by 51.3% from ₱35 million as of December 31, 2020 to ₱17 million as of December 31, 2021 due to the settlements made during the year.

- Bank Loans, including non-current portion, decreased by 32.4% from ₱2,972 million as of December 31, 2020 to ₱2,008 million as of December 31, 2021 due to payments made during the year.

- Lease liabilities increased by 77.7% from ₱3,737 as of December 31, 2020 to ₱6,639 million as of December 31, 2021 due to amendment in the lease contract.

- Pension liabilities decreased by 9.6% from ₱71 million as of December 31, 2020 to ₱64 million as of December 31, 2021 due to actuarial adjustments.

- Deferred tax liabilities – net posted an increase of 10.8% from ₱4,056 million as of December 31, 2020 to ₱4,494 million as of December 31, 2021 due to the increase in temporary differences for the period that will eventually result to future tax liability.

- Other non-current liabilities decreased by 56.6% from ₱2,113 million as of December 31, 2020 to ₱917 million as of December 31, 2021 due to the decrease in the noncurrent portion of payables to contractors.

Total stockholder's equity increased by 12.9% from ₱26,431 million as of December 31, 2020 to ₱29,851 million as of December 31, 2021 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	12/31/2021	12/31/2020
Current ratio [(a)]	0.37:1	0.33:1
Liability-to-equity ratio [(b)]	1.70:1	1.79:1
Interest coverage [(c)]	34.41	32.68
Return on assets [(d)]	5.5%	3.7%
Return on equity [(e)]	14.8 %	10.3%

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, 2021 increased from that of December 31, 2020 due to the increase in current assets.

The decrease in liability-to-equity ratio was due to the higher increase in total liabilities compared to the increase in equity.

Interest coverage for the year ended December 31, 2021 increased because of the higher EBITDA for the year.

Return on asset increased due to the higher net income for the year.

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

Material Changes to the Company's Balance Sheet as of December 31, 2021 compared to December 31, 2020 (increase/decrease of 5% or more)

Cash and cash equivalents including short term cash investments increased by 40.9% from ₱172 million as of December 31, 2020 to ₱242 million as of December 31, 2021 due to higher cash provided from operating activities for the period.

Investments at fair value through profit/loss and other comprehensive income including non-current portion decreased by 39% from ₱3,543 million as of December 31, 2020 to ₱2,682 million as of December 31, 2021 due to the decrease in fair value of quoted equity securities for the year.

Receivables, including non-current portion, increased by 38.3% from ₱13,635 million as of December 31, 2020 to ₱18,857 million as of December 31, 2021 due to the increase in accounts receivable from tenants and accrued rent.

Property and equipment decreased by 12.8% from ₱65 million as of December 31, 2020 to ₱57 million as of December 31, 2021 due to depreciation recognized for the year.

Investment properties increased by 4.9% from ₱49,475 million as of December 31, 2020 to ₱51,896 million as of December 31, 2021 due primarily to the additions to commercial developments, acquisition of land for commercial development during the year.

Accounts and other payables increased by 5.1% from ₱4,082 million as of December 31, 2020 to ₱4,292 million as of December 31, 2021 due to the increase in accounts payable to contractors and suppliers, and retention payable for the year.

Security deposits and advance rent increased by 84.0% from ₱734 million as of December 31, 2020 to ₱1,351 million as of December 31, 2021 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 5.4% from ₱29,461 million as of December 31, 2020 to ₱31,039 million as of December 31, 2021 due to advances from parent company made during the year.

Income tax payable decreased by 51.3% from ₱35 million as of December 31, 2020 to ₱17 million as of December 31, 2021 due to the settlements made during the year.

Bank Loans, including non-current portion, decreased by 32.4% from ₱2,972 million as of December 31, 2020 to ₱2,008 million as of December 31, 2021 due to payments made during the year.

Lease liabilities increased by 77.7% from ₱3,737 as of December 31, 2020 to ₱6,639 million as of December 31, 2021 due to amendment in the lease contract.

Pension liabilities decreased by 9.6% from ₱71 million as of December 31, 2020 to ₱64 million as of December 31, 2021 due to actuarial adjustments.

Deferred tax liabilities – net posted an increase of 10.8% from ₱4,056 million as of December 31, 2020 to ₱4,494 million as of December 31, 2021 due to the increase in temporary differences for the period that will eventually result to future tax liability.

Other non-current liabilities decreased by 56.6% from ₱2,113 million as of December 31, 2020 to ₱917 million as of December 31, 2021 due to the decrease in the noncurrent portion of payables to contractors.

Material Changes to the Company's Statement of income for the year ended December 31, 2021 compared to the year ended December 31, 2020 (increase/decrease of 5% or more)

Rental income increased from ₱6,843 million for the year ended December 31, 2020 to ₱8,836 million for the year ended December 31, 2021. The 29.1% increase was due to the increase in occupancy and increase in the rental rate.

Parking fee revenue increased from ₱115 million for the year ended December 31, 2020 to ₱122 million for the year ended December 31, 2021. The 5.9% increase was due to higher number of vehicles using the mall parking space.

Other operating income decreased from ₱314 million for the year ended December 31, 2020 to ₱268 million for the year ended December 31, 2021. The 14.8% decrease was due to the decrease in gain on derecognition of liabilities.

Increase in depreciation by 23.6% from ₱1,546 million for the year ended December 31, 2020 to ₱1,910 million for the year ended December 31, 2021 due to the additional depreciation from the additions of investment properties and property and equipment.

Increase in light and power by 40.1% from ₱233 million for the year ended December 31, 2020 to ₱326 million for the year ended December 31, 2021 due to the increase in the consumption in light and power as a result of longer mall operating hours.

Decrease in outside services by 8.8% from ₱280 million for the year ended December 31, 2020 to ₱256 million for the year ended December 31, 2021 due to cost rationalization.

Decrease in salaries and employee benefits by 5.8% from ₱253 million for the year ended December 31, 2020 to ₱238 million for the year ended December 31, 2021 due to the decrease in manpower for the operations and management.

Increase in provision for impairment loss by 275.7% from ₱82 million for the year ended December 31, 2020 to ₱309 million for the year ended December 31, 2021 due to the increase in accounts receivable from tenants.

Decrease in advertising and promotions by 23.9% from ₱32 million for the year ended December 31, 2020 to ₱25 million for the year ended December 31, 2021 due to the shift to digital marketing.

Interest income decreased from ₱45 million for the year ended December 31, 2020 to ₱4 million for the year ended December 31, 2021. The 90.6% decrease resulted from the lower interest earned from in cash in banks, investments and receivables of the company for the year.

Fair value gain (loss) on investment at fair value through profit or loss increased from a loss of ₱7 million for the year ended December 31, 2020 to a gain of ₱5 million for the year ended December 31, 2021. The 162.2% increase resulted from the higher fair value of investment at fair value through FVTPL.

Interest expense increased by 7.8% from ₱522 million in the year ended December 31, 2020 to ₱563 million in the year ended December 31, 2021. This is due primarily to the interest pertaining to the of-lease liabilities recognized due to the adoption of the PFRS 16.

Tax expense for the year ended December 31, 2021 is ₱584 million, a decrease of 48.4% from ₱1,132 million for the year ended December 31, 2020. This is due primarily to the lower taxable income recorded for the year.

For the year ended December 31, 2021, except as discussed in *Note 27 – Other Matters* of the 2021 Financial Statements on the impact of the COVID-19 pandemic, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

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

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

Significant Subsidiaries

1. Masterpiece Asia Properties Inc. (MAPI)

The table below presents MAPI's information on revenues, net income and financial soundness indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2023, 2022, and 2021.

MAPI

	For the years ended December 31				As a % of STR Group's			
	2021	**2022**	**2023**	**1Q24**	**2021**	**2022**	**2023**	**1Q24**
	(millions)				(%)			
Gross revenues	7,597.95	11,238.05	11,474.73	3,331.44	82.35%	92.55%	87.32%	90.21%
Net income	4,083.97	7,420.70	6,925.40	2,032.58	92.66%	88.69%	81.14%	95.31%

MAPI

	For the years ended December 31			
	2021	**2022**	**2023**	**1Q24**
Current ratio[1]	2.99	2.36	2.00	3.57
Liability to Equity ratio[2]	5.79	3.58	2.57	0.68
Net income margin[3]	53.75%	66.03%	60.35%	61.01%
Return on Equity[4]	42.81%	44.24%	29.53%	7.98%
Return on Asset[5]	6.31%	9.65%	8.27%	4.76%

1. Current ratio = Current Assets divided by Current Liabilities
2. Debt ratio = Total Liabilities divided by Total Assets
3. Net Income Margin = Net Income divided by Revenue
4. Return on Equity = Net Income divided by Total Equity
5. Return on Asset = Net Income divided by Total Asset

2. Manuela Corporation (MC)

The table below presents MC's information on revenues, net income and financial soundness indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2023, 2022, and 2021.

MC

	For the years ended December 31				As a % of STR Group's			
	2021	**2022**	**2023**	**1Q24**	**2021**	**2022**	**2023**	**1Q24**
	(millions)				(%)			
Gross revenues	1,628.80	904.03	1,665.50	362.29	17.65%	7.45%	12.67%	9.81%
Net income	213.22	946.30	1,544.50	100.78	4.84%	11.31%	18.10%	4.73%

MC

	For the years ended December 31			
	2021	**2022**	**2023**	**1Q24**
Current ratio[1]	2.98	4.79	5.16	5.18
Liability to Equity ratio[2]	0.63	0.68	0.61	0.61
Net income margin[3]	13.09%	104.68%	92.74%	27.82%
Return on Equity[4]	1.74%	8.01%	11.57%	0.75%
Return on Asset[5]	1.06%	4.78%	7.20%	0.47%

1. Current ratio = Current Assets divided by Current Liabilities
2. Debt ratio = Total Liabilities divided by Total Assets
3. Net Income Margin = Net Income divided by Revenue
4. Return on Equity = Net Income divided by Total Equity
5. Return on Asset = Net Income divided by Total Asset

COMMITMENTS AND CONTINGENCIES

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

The Company is contingently liable with respect to certain lawsuits and other claims which are being contested by the subsidiaries and their legal counsels. Management and their legal counsels believe that the final resolution of these claims will not have a material effect on the consolidated financial statements.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company sourced its capital requirements through a mix of internally generated cash, sale of liquid assets like installment contracts receivables, pre-selling and joint venture undertakings. The Company does not expect any material cash requirements beyond the normal course of the business. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

As discussed in *Note 22 – Contingencies* of the 2023 Financial Statements, there are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation except for those items disclosed in the Audited Consolidated Financial Statements as of and for the years ended December 31, 2021, 2022 and 2023 and in the Interim Unaudited Financial Statements of the Company as of and for the quarter ended March 31, 2024.

As discussed in *Note 22 – Contingencies* of the 2023 Financial Statements, there are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period except those disclosed in the Audited Consolidated Financial Statements as of and for the years ended December 31, 2021, 2022 and 2023 and in the Interim Unaudited Financial Statements of the Company as of and for the quarter ended March 31, 2024.

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

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

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

IV. NATURE AND SCOPE OF BUSINESS

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 and real estate business.

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 May 02, 2019, the Company's BOD authorized the change in name of the Company from Starmalls, Inc. to Vistamalls, Inc. The SEC approved the Company's application for the change in name on September 17, 2019.

The Company's subsidiaries include the following:

- ***Masterpiece Asia Properties Inc. (MAPI)***. MAPI is currently in the operations and development of commercial properties for lease.

- ***Manuela Corporation (MC)***. MC is currently in the operations and development of commercial properties for lease.

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

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

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

Market Information

The Company's common shares are listed with the Philippine Stock Exchange. 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	2024			2023			2022			2021		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	2.41	2.29	2.40	3.30	2.80	2.80	4.29	3.18	3.31	4.34	3.70	3.80
2nd	-	-	-	4.45	2.48	2.53	3.69	3.20	3.30	3.99	3.65	3.91
3rd	-	-	-	2.69	2.27	2.45	3.50	3.16	3.29	3.98	3.65	3.78
4th	-	-	-	2.49	2.25	2.41	4.45	2.84	2.84	3.97	3.62	3.72

The market capitalization of STR as of December 31, 2023, based on the closing price of ₱2.41 per share, was approximately ₱20.31 billion.

As of April 30, 2024, STR's market capitalization stood at ₱19.38 billion based on the ₱2.30 per share closing price.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
24 May 2024	2.32	2.27	2.32

Stockholders

Common Shares

There are approximately 431 holders of common equity security of the Company as of April 30, 2024 (based on the number of accounts registered with the Stock Transfer Agent). As of April 30, 2024, the following are the top 20 holders of the common securities of the Company:

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)[7]
1.	VISTA LAND & LIFESCAPES, INC.[8]	7,443,192,641	88.34%
2.	LAND AND HOUSES PUBLIC COMPANY LIMITED	808,431,465	9.59%
3.	FINE PROPERTIES, INC.[7]	114,877,955	1.36%
4.	PCD NOMINEE CORPORATION (FILIPINO)	50,612,648	0.60%
5.	PCD NOMINEE CORPORATION (FOREIGN)	3,317,448	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%
14.	ANSALDO, GODINEZ & CO., INC.	54,286	0.00%
15.	FINVEST SEC. CO., INC.	50,000	0.00%
16.	MARIO OSMENA JR.	50,000	0.00%
17.	BENITO PENALOSA	50,000	0.00%
18.	GILBERT M. TIU	40,000	0.00%
19.	OH SIONG YU	39,942	0.00%
20.	BABES OJALES	39,000	0.00%
	Total	**8,424,480,400**	**99.98%**
	Others	1,500,756	0.02%
	Total issued and outstanding common shares as of April 30, 2024	**8,425,981,156**	**100.00%**

Preferred Shares

As of April 30, 2024, there is only one (1) holder of the preferred shares of the Company:

	Stockholders Name	No. of Preferred Shares	Percentage (of Preferred Shares)
1.	Fine Properties, Inc.	2,350,000,000	100.00%
	Total issued and outstanding preferred shares as of April 30, 2024	**2,350,000,000**	**100.00%**

[7] *based on the total shares issued of 8,425,981,156*

[8] *Lodged under PCD Nominee Corporation (Filipino)*

Dividends

₱0.0306 per share Regular Cash Dividend
Declaration Date: September 28, 2023
Record date: October 13, 2023
Payment date: October 27, 2023

₱0.0262 per share Regular Cash Dividend
Declaration Date: September 30, 2022
Record date: October 14, 2022
Payment date: October 27, 2022

₱0.0161 per share Regular Cash Dividend
Declaration Date: September 30, 2021
Record date: October 15, 2021
Payment date: October 28, 2021

Dividend Policy

Under the Registrant's existing By-Laws, dividends shall be declared at such time and in such percentages as the Board of Director may determine, but no dividends shall be declared or paid except from the surplus of profits arising from the business, nor shall any dividends be declared that will impair the capital of the Registrant. Stock dividends shall be declared in accordance with law.

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

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

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

Pursuant to existing Philippine SEC rules, cash dividends declared by a company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Recent Sale of Unregistered Securities

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

Stock Options
None.

VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

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

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

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

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

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

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth on this Report is true, complete, and correct. This Report is signed in Mandaluyong City on 29th May 2024.

By:

BRIAN N. EDANG
CFO & Head of Investor Relations

Date: May 29, 2024

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, 2023, 2022, and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether 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.

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, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this ___________ day of APR 15 2024 2024.

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 15 2024 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	P4237701B	17 DEC 2019 / 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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Book No. XXII
Series of 2024.

ATTY. ARBIN OMAR P. CARINO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 57146
ISP Lifetime Member No. 018537
PTR No. 5415002 / 05 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-0020373 issued dated 03 June 2022
Notarial Commission Appointment No. 0358-23
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)
431	**06/28**	**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**	**0917-801-0637**

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*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
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, 2023 and 2022, 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, 2023, and notes to the consolidated financial statements, including material accounting policy information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 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.

Recoverability of investment in associate

Under PFRS, the Group is required to test the recoverability of nonfinancial assets when indicators of impairment exist. As at December 31, 2023, the investee company's market capitalization is significantly below the net book value of the Group's investment in associate. This is an impairment indicator that requires an assessment of the recoverability of the Group's investment in associate. Accordingly, the related investment in associate with an aggregate cost of ₱19,439.14 million as of December 31, 2023 before beginning allowance for impairment losses of ₱9,490.86 million, which is significant to the consolidated financial statements, were tested for impairment, resulting to recognition of additional impairment loss amounting to ₱49.71 million in 2023. The management's impairment assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically the revenue growth, cost ratios and discount rates.

The Group's disclosures about the investment in associate are included in Notes 1 and 8 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's impairment assessment process. We involved our internal specialist in evaluating the reasonableness of the discount rate. We tested the parameters used in the determination of the discount rate against market data. We compared the key assumptions used such as revenue growth and cost ratios against actual historical performance of the cash generating unit. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is more sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of the investment in associate.

Provision for Expected Credit Losses

The Group applies simplified approach in calculating expected credit loss (ECL) of its receivable from tenants. Allowance for credit losses and the provision for credit losses as of and for the year ended December 31, 2023 amounted to ₱893.92 million and ₱679.55 million, respectively. 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) 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 disclosures related to the allowance for credit losses using ECL model are included in Note 5 to 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 homogeneity of credit risk characteristics, (b) assessed the methodology used in applying the ECL model by evaluating the key inputs, assumption and formula used, (c) tested the definition of default against historical analysis of accounts and the credit risk management policies and practices in place, (d) tested 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 party; and (f) evaluated 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.

Further, we compared the data used in the ECL models, such as the historical aging analysis and default and recovery data, to the financial reporting systems.

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

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, 2023 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, 2023 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

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082027, January 6, 2024, Makati City

April 15, 2024

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Notes 7, 23 and 24)	**₱157,310,728**	₱3,516,072,117
Short-term cash investment (Notes 8, 23 and 24)	**7,322,177**	7,392,888
Investment at fair value through profit or loss (Notes 8, 23 and 24)	**25,798,248**	25,461,603
Receivables (Notes 1, 9, 23 and 24)	**9,342,507,362**	8,098,399,464
Receivable from related parties (Notes 20, 23 and 24)	**3,160,157,971**	2,644,764,176
Real estate properties for sale	**301,890,413**	302,220,899
Other current assets (Notes 1 and 11)	**3,184,418,910**	3,035,452,580
Total Current Assets	**16,179,405,809**	17,629,763,727
Noncurrent Assets		
Investments at fair value through other comprehensive income (Notes 8, 20, 23 and 24)	**1,233,621,473**	1,241,143,555
Receivables - net of current portion (Notes 1, 9, 23 and 24)	**25,144,669,857**	17,545,399,950
Property and equipment (Note 1)	**24,481,458**	36,535,683
Investment in associate (Notes 1, 8 and 20)	**9,898,566,077**	9,835,637,208
Investment properties (Notes 1 and 10)	**46,625,547,235**	44,899,551,714
Other noncurrent assets (Notes 1 and 11)	**167,391,209**	331,390,827
Total Noncurrent Assets	**83,094,277,309**	73,889,658,937
	₱99,273,683,118	₱91,519,422,664

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12, 23 and 24)	**₱5,321,235,140**	₱5,146,520,520
Advance rent and security deposits (Notes 1 and 13)	**1,155,291,641**	1,121,608,979
Payable to VLLI (Notes 20, 23 and 24)	**30,109,086,289**	32,696,186,513
Income tax payable	**2,205,946**	10,818,621
Current portion of:		
Bank loans (Notes 14, 23 and 24)	**444,848,868**	455,599,705
Lease liabilities (Notes 23, 24 and 25)	**491,283,892**	462,046,517
Total Current Liabilities	**37,523,951,776**	39,892,780,855
Noncurrent Liabilities		
Bank loans - net of current portion (Notes 14, 23and 24)	**1,275,237,318**	1,718,798,338
Lease liabilities - net of current portion (Notes 23, 24 and 25)	**6,270,553,790**	6,255,097,279
Pension liabilities	**53,517,172**	49,158,170
Deferred tax liabilities - net (Note 19)	**8,889,297,913**	6,365,044,055
Other noncurrent liabilities (Note 15)	**386,312,639**	636,528,087
Total Noncurrent Liabilities	**16,874,918,832**	15,024,625,929
Total Liabilities	**₱54,398,870,608**	₱54,917,406,784

(Forward)

	December 31	
	2023	2022
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	**33,891,742,283**	25,617,070,581
Other comprehensive loss	**(4,016,045,195)**	(4,011,979,200)
	44,714,492,598	36,443,886,891
Non-controlling interest (Note 21)	**160,319,912**	158,128,989
Total Equity	**44,874,812,510**	36,602,015,880
	₱99,273,683,118	₱91,519,422,664

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Rental income (Note 10 and 25)	**₱12,673,455,590**	₱11,710,836,187	₱8,836,170,943
Parking fees	**109,067,402**	99,030,158	121,887,433
Other operating income (Note 17)	**358,028,442**	332,655,415	268,010,919
	13,140,551,434	12,142,521,760	9,226,069,295
COSTS AND EXPENSES			
Depreciation (Note 10)	**1,530,431,525**	1,486,271,189	1,910,014,361
Light and power	**405,206,876**	264,830,332	326,116,938
Taxes, licenses and other fees	**347,111,687**	228,678,131	283,958,767
Repairs, maintenance and loss from asset retirement	**305,852,749**	92,095,325	125,373,694
Salaries and employee benefits	**272,732,118**	245,412,865	238,162,907
Outside services	**244,012,591**	185,765,694	255,510,468
Provision for expected credit losses (Note 9)	**239,615,169**	245,201,247	308,655,421
Advertising and promotions	**70,848,667**	20,855,178	24,665,781
Insurance	**69,254,131**	54,359,482	55,960,862
Impairment loss on investment in associate (Notes 5 and 8)	**49,714,974**	9,490,858,896	–
Professional fees	**28,550,255**	91,495,304	36,178,542
Rentals	**7,417,205**	3,421,440	8,168,458
Loss from fire, net of claims (Note 10)	**–**	366,934,591	–
Other operating expenses	**121,912,180**	88,067,518	107,962,385
	3,692,660,127	12,864,247,192	3,680,728,584
OTHER INCOME (EXPENSES)			
Proceeds from insurance claims (Note 10)	**1,841,156,398**	–	–
Equity in net earnings of an associate (Note 8)	**571,660,787**	610,018,365	–
Interest income (Notes 7, 8, 11 and 18)	**8,379,481**	11,268,001	4,229,687
Fair value (loss) gain on investment at fair value through profit or loss (Note 8)	**336,645**	(1,410,009)	4,607,460
Net gain from listing of an associate (Notes 1)	**–**	11,155,168,622	–
Interest expense and other financing charges (Notes 18 and 25)	**(661,748,756)**	(649,553,927)	(562,590,089)
	1,759,784,555	11,125,491,052	(553,752,942)
INCOME BEFORE INCOME TAX	**11,207,675,862**	10,403,765,620	4,991,587,769
PROVISION FOR INCOME TAX (Note 19)	**2,672,655,536**	2,036,919,998	583,889,230
NET INCOME	**₱8,535,020,326**	₱8,366,845,622	₱4,407,698,539
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**8,532,813,246**	8,362,105,646	₱4,407,214,416
Non-controlling interest (Note 21)	**2,207,080**	4,739,976	484,123
NET INCOME	**₱8,535,020,326**	₱8,366,845,622	₱4,407,698,539
BASIC/DILUTED EARNINGS PER SHARE (Note 21)	**₱1.013**	₱0.992	₱0.523

(Forward)

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱8,535,020,326**	₱8,366,845,622	₱4,407,698,539
OTHER COMPREHENSIVE (LOSS) INCOME			
Other comprehensive (loss) income not to be reclassified to profit or loss in subsequent periods:			
Unrealized fair value loss on equity investment at fair value through other comprehensive income (Note 8)	**(7,522,082)**	(1,414,151,444)	(865,039,447)
Remeasurement gain on pension liabilities, net of tax	**3,439,930**	19,176,454	13,189,192
	(4,082,152)	(1,394,974,990)	(851,850,255)
TOTAL COMPREHENSIVE INCOME	**₱8,530,938,174**	₱6,971,870,632	₱3,555,848,284
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱8,528,747,251**	₱6,969,237,556	₱3,557,131,410
Non-controlling interest (Note 21)	**2,190,923**	2,633,076	(1,283,126)
	₱8,530,938,174	₱6,971,870,632	₱3,555,848,284

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**	**Non-Controlling Interest** (Note 21)	**Total**
Balances as at January 1, 2023	**₱23,500,000**	**₱8,425,981,156**	**₱6,389,314,354**	**₱25,617,070,581**	**(₱4,011,979,200)**	**₱158,128,989**	**₱36,602,015,880**
Net income	–	–	–	**8,532,813,246**	–	**2,207,080**	**8,535,020,326**
Other comprehensive loss	–	–	–	–	**(4,065,995)**	**(16,157)**	**(4,082,152)**
Total comprehensive income (loss) for the year	–	–	–	**8,532,813,246**	**(4,065,995)**	**2,190,923**	**8,530,938,174**
Cash dividend declared	–	–	–	**(258,141,544)**	–	–	**(258,141,544)**
Balances as at December 31, 2023	**₱23,500,000**	**₱8,425,981,156**	**₱6,389,314,354**	**₱33,891,742,283**	**(₱4,016,045,195)**	**₱160,319,912**	**₱44,874,812,510**
Balances as at January 1, 2022	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱17,475,393,694	(₱2,619,111,110)	₱155,495,913	₱29,850,574,007
Net income	–	–	–	8,362,105,646	–	4,739,976	8,366,845,622
Other comprehensive loss	–	–	–	–	(1,392,868,090)	(2,106,900)	(1,394,974,990)
Total comprehensive income (loss) for the year	–	–	–	8,362,105,646	(1,392,868,090)	2,633,076	6,971,870,632
Cash dividend declared	–	–	–	(220,428,759)	–	–	(220,428,759)
Balances as at December 31, 2022	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱25,617,070,581	(₱4,011,979,200)	₱158,128,989	₱36,602,015,880
Balances as at January 1, 2021	₱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
Net income	–	–	–	4,407,214,416	–	484,123	4,407,698,539
Other comprehensive income	–	–	–	–	(850,567,129)	(1,283,126)	(851,850,255)
Total comprehensive income for the year	–	–	–	4,407,214,416	(850,567,129)	(799,003)	3,555,848,284
Cash dividend declared	–	–	–	(135,990,172)	–	–	(135,990,172)
Balances as at December 31, 2021	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱17,475,393,694	(₱2,619,111,110)	₱155,495,913	₱29,850,574,007

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱11,207,675,862**	₱10,403,765,620	₱4,991,587,769
Adjustments for:			
Depreciation (Note 10)	**1,530,431,525**	1,486,271,189	1,910,014,361
Interest expense and other financing charges (Note 18)	**661,748,756**	649,553,927	562,590,089
Provision for impairment losses - net (Note 9)	**239,615,169**	245,201,247	308,655,421
Loss on asset retirement (Note 10)	**164,649,301**	–	–
Impairment loss on investment in associate (Note 8)	**49,714,974**	9,490,858,897	–
Retirement expense	**8,945,576**	10,402,954	10,745,534
Fair value (gain) loss on investment at fair value through profit or loss (Note 8)	**(336,645)**	1,410,009	(4,607,460)
Realized gross profit on real estate properties sale	**(1,794,514)**	–	–
Interest income (Note 18)	**(8,379,481)**	(11,268,001)	(4,229,687)
Share in equity earnings from investment in associate (Note 8)	**(571,660,788)**	(610,018,365)	–
Proceeds from insurance claims (Note 10)	**(1,841,156,398)**	–	–
Loss from fire, net of claims (Note 10)	**–**	366,934,591	–
Gain on derecognition of liabilities and forfeiture of advance rent and security deposits	**–**	(123,766,118)	–
Net gain from listing of an associate (Notes 1 and 8)	**–**	(11,155,168,622)	–
Operating income before working capital changes	**11,439,453,337**	10,754,177,328	7,774,756,027
Decrease (increase) in:			
Receivables	**(12,078,670,188)**	(7,507,590,775)	(5,531,002,409)
Real estate properties for sale	**–**	–	(383,283)
Prepayments and other assets	**(146,770,619)**	332,870,420	2,905,049,648
Increase (decrease) in:			
Accounts and other payables	**263,415,004**	1,071,108,195	(603,252,291)
Advance rent and security deposits	**70,418,901**	(241,882,452)	7,500,187
Other noncurrent liabilities	**(296,785,534)**	(175,336,379)	(593,497,224)
Net cash flows (used for) generated from operations	**(748,939,099)**	4,233,346,337	3,959,170,655
Income taxes paid	**(158,160,997)**	(178,516,969)	(121,525,224)
Interest received	**1,286,013**	3,086,964	1,647,694
Net cash flows (used in) provided by operating activities	**(905,814,083)**	4,057,916,332	3,839,293,125
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in receivables from related parties (Note 26)	**(59,892,115)**	131,464,946	(1,854,060)
Proceeds from insurance companies (Note 10)	**1,841,156,398**	620,000,000	–
Interest received	**7,093,468**	8,181,037	2,581,994
Acquisitions of:			
Property and equipment	**(19,845,083)**	(9,724,626)	(35,276,162)
Investment property (Note 10)	**(427,625,817)**	(5,481,667,235)	(3,990,251,406)
Deductions from (additions to):			
Restricted cash	**(148,272,551)**	132,845,647	8,470,034
Investments	**–**	166,918,562	(204,325,664)
Other noncurrent assets	**312,272,169**	(181,753,317)	368,435,132
Additions to (payments of) liabilities for purchased land	**(64,550,895)**	(15,627,510)	215,106,173
Net cash flows provided by (used in) investing activities	**1,440,335,574**	(4,629,362,496)	(3,637,113,959)

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Lease liabilities	**(₱462,046,337)**	(₱422,682,038)	(₱384,976,509)
Interest and other financing charges (including capitalized borrowing cost)	**(127,010,040)**	(120,691,795)	(225,918,536)
Dividends declared	**(26,864,584)**	(22,373,519)	(14,007,543)
Bank loans	**(462,500,000)**	(1,812,181,071)	(965,224,278)
(Decrease) increase in payables to related parties	**(2,814,861,919)**	1,466,331,918	1,458,473,267
Proceeds from sale of secondary shares of associate (Notes 1 and 8)	–	2,788,503,657	–
Proceeds from bank loans, net of debt issue costs (Notes 14 and 23)	–	1,975,723,562	–
Net cash flows provided by (used in) financing activities (Note 26)	**(3,893,282,880)**	3,852,630,714	(131,653,599)
NET (DECREASE) INCREASE IN CASH	**(3,358,761,389)**	3,281,184,550	70,525,567
CASH AT BEGINNING OF YEAR	**3,516,072,117**	234,887,567	164,362,000
CASH AT END OF YEAR (Note 7)	**₱157,310,728**	₱3,516,072,117	₱234,887,567

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.

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 centers. 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 65.84% owned by Fine Properties, Inc., (Ultimate Parent Company), as of December 31, 2023 and 2022 and the rest by the public.

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.

<u>Vista REIT Transaction</u>
On August 7, 2020, the Board of Directors (BOD) of VLLI approved the incorporation of Vista One, Inc. (VOI), to be the vehicle for the Group's Real Estate Investment Trust (REIT) registration under Republic Act 9856 (The REIT Act of 2009). VOI was incorporated in the Republic of the Philippines and was registered with the SEC on August 24, 2020, primarily to own, manage, operate and engage in the leasing of income-generating real properties such as office buildings, shopping centers, hotels, resorts, residential buildings, condominium buildings, among others and to hold for investment or otherwise, real estate of all kinds. VOI was later renamed as VistaREIT, Inc. (VREIT)

In compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, VREIT entered into and implemented the following REIT Formation Transactions.

Execution of Property-for-Share Swap Agreement and Deed of Assignment of Leases between the Sponsors and VREIT
On February 7, 2022, VREIT entered into various Deeds of Assignment and Subscription Agreements with each of VMI's subsidiaries, Manuela Corporation (MC) and Masterpiece Asia Properties, Inc. (MAPI), and other common controlled entities of VLLI, Vista Residences, Inc. (VRI), Crown Asia Properties, Inc. (CAPI) and Communities Pampanga, Inc. (CPAM) collectively referred to as the Sponsors, for the assignment, transfer, and conveyance by the Sponsors to VREIT of 10 community malls and two office buildings with an aggregate gross lease area of 256,403.95 sqm (collectively, the Assigned Properties) and fair value of ₱35,952,992,730 in exchange for the issuance by VREIT to the Sponsors out of the increase in authorized capital stock described hereinabove of an aggregate of 6,990,000,000 common shares at an issue price of ₱1.50 per share, or an aggregate issue or subscription price of ₱10,485,000,000 (the Property-for-Share Swap).

The Assigned Properties consists of the following:

Sponsor (Transferor)	Properties	Classification	Location
Manuela Corporation	Vista Mall Las Piñas (Main)	Building	Las Piñas City
Manuela Corporation	Vista Mall Las Piñas (Annex)	Building	Las Piñas City
Masterpiece Asia Properties, Inc.	Starmall SJDM	Building	San Jose del Monte, Bulacan
Masterpiece Asia Properties, Inc.	SOMO - A Vista Mall	Building	Bacoor, Cavite
Masterpiece Asia Properties, Inc.	Vista Mall General Trias	Building	General Trias City, Cavite
Masterpiece Asia Properties, Inc.	Vista Mall Tanza	Building	Tanza, Cavite
Masterpiece Asia Properties, Inc.	Vista Mall Imus	Building	Cavite
Masterpiece Asia Properties, Inc.	Starmall Azienda	Building	Talisay City, Cebu
Masterpiece Asia Properties, Inc.	Vista Hub Molino	Building	Bacoor, Cavite
Crown Asia Properties, Inc.	Vista Mall Antipolo	Building	Antipolo City, Rizal
Communities Pampanga, Inc.	Vista Mall Pampanga	Building	San Fernando, Pampanga
Vista Residences, Inc.	Vista Hub BGC	Condominium units and parking spaces	Bonifacio Global City

On March 14, 2022, the SEC issued the confirmation of the valuation of the Property-for-Share Swap. The requisite Certificate Authorizing Registrations authorizing the transfer of legal title to the Assigned Properties from the Sponsors to VREIT were issued by the Bureau of Internal Revenue (BIR) on April 25 to 29 and May 2, 2022.

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

Accordingly, upon the SEC's confirmation of the Property-for- Share Swap and the execution of the Deed of Assignment of Leases, VMI Group booked equity investments (i.e., investment in associate) equivalent to the fair value of the assets given up to VREIT amounting to ₱27,706.89 million, and the recording of the following:

a.) Decrease in 'Investment properties' of ₱7,550.76 million; and
b.) 'Gain on property-for-share swap' of ₱17,394.66 million, net of loss on derecognition of accrued rental receivables pertaining to the Assigned Properties amounting to ₱2,761.47 million arising from the Assignment of Leases;

Correspondingly, VMI Group also transferred the following other assets and liabilities and booked the following:

a.) Decrease in ‘Advance rent and security deposits’ of ₱183.89 million;
b.) Decrease in ‘Property and equipment’ of ₱29.30 million;
c.) Decrease in ‘Other current assets’ of ₱136.54 million;
d.) Decrease in ‘Other noncurrent assets’ of ₱134.09 million; and
e.) Increase in ‘Receivable from related parties’ of ₱116.04 million.

Initial public offering of VREIT, Inc., sale of the Sponsors’ secondary shares and ownership interest of VMI Group in VREIT

After the listing of VREIT in the Philippine Stock Exchange on June 15, 2022, the ownership interest of the Group was reduced to 38.88% from 40.11% because of the sale of secondary shares of VREIT. The carrying value of the investment in associate which was disposed amounted to ₱9,027.99 million, with net proceeds of ₱2,688.32 million (gross sale of ₱2,788.50 million less expenses of ₱100.18 million), resulting to a loss of ₱6,239.49 million.

Net gain of the Group from the listing transaction of VREIT amounted to ₱11,155.17 million (gain from asset-for-share swap of ₱17,394.66 million less the loss from sale of secondary shares of ₱6,239.49 million).

As of December 31, 2023 and 2022, VMI Group owns 38.88% of VREIT through MAPI and MC.

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.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023.

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		
	2023	2022	2021
Manuela Corporation	**99.85%**	99.85%	99.85%
Masterpiece Asia Properties, Inc.	**100.00%**	100.00%	100.00%

<u>Non-controlling Interests</u>
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, 2023 and 2022, 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

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

The amendments to the Practice Statement provide non-mandatory guidance.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

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

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

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

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

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

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

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

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

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The 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, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

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

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

4. Summary of Material Accounting Policies

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.

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

<u>Short-term Cash Investments</u>
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.

<u>Financial Instruments</u>
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).

<u>Impairment of Financial Assets</u>
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.

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

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

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

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

For cash in banks, short-term cash investments, and restricted cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the 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 the external credit rating agencies to determine whether the instrument has significantly increased in credit risk and to estimate ECLs.

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

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

The Group's financial liabilities include accounts and other payables (except for deferred output VAT and other statutory payables), payable to VLLI, 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), payable to VLLI, 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.

<u>Offsetting Financial Instruments</u>
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.

<u>Real Estate Properties for Sale</u>
Real estate inventories consist of subdivision land and residential houses and lots for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land and residential houses and lots; and
- Planning and design costs, cost of site preparation, professional fees, property transfer taxes, construction materials, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of real estate inventories is reduced through the use of an allowance account and the amount of loss is charged to profit or loss.

The cost of real estate inventory recognized in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

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. Recoupments occur within one to five years from the date the advances were made.

Value-Added Tax
Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the 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.

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

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

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.

Investment in Associate
Investment in associates are accounted for under the equity method of accounting.

An associate is an entity in which the Company has significant influence, and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or in joint control over those policies.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of comprehensive income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Unless otherwise, additional losses are not recognized when the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

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 and capitalized borrowing cost. Investment properties also include right-of-use assets primarily involving land where commercial buildings are located.

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	3 to 30 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.

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.

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.

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 Group 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.

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

For the electricity and water usage, the 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 and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

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

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the 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 specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis. For more information, please refer to Note 5.

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

<u>Parking Fees, Other Operating Income and Other Income</u>
Parking fees, other operating income and other income are recognized when earned.

<u>Cost and Expenses</u>
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.

<u>Pension Cost</u>
Defined benefit plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit (PUC) method.

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

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 of those borrowings.

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.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.

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

Group as Lessee
The Group applies a single recognition and measurement approach for all leases, except short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease Liabilities
At the commencement date of the lease, the 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.

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

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

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

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

Basic and Diluted Earnings 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, 2023, 2022 and 2021, the Group has no potential dilutive common shares (see 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. Material 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:

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).

Determining taxable profit, tax bases, unused tax losses, unused tax credits and tax rates
Upon adoption of the Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments,* the Group has assessed whether it has any uncertain tax position. The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined based on its assessment, in consultation with its tax counsel, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

Evaluation of significant influence
The Group determines that it exercises significant influence over its associate by considering, among others, representation in the Board of Directors (BOD) and participation on BOD sub-committees, and other contractual terms.

The Group has 38.88% ownership interest in VREIT as of December 31, 2023. The Group has assessed that it has significant influence over VREIT.

The Sponsors, as consented by VLLI, collectively agree on the following:\

- Full cooperation with each other in respect of any matter concerning VREIT. For this purpose, the Sponsors shall consult and confer with each other before exercising their respective shareholders rights and implementing any decision or action relating to or affecting the business, governance, and operations of VREIT;
- Voting jointly on any corporate decision or action of VREIT requiring shareholders' consideration and approval under applicable laws; and,
- Conferring with each other and agree on any election of directors in VREIT.

In reference to the by-laws of VREIT, the corporate powers of the BOD include, among others, the participation in the policy-making process on relevant activities, including participation in decisions about dividends or other distributions.

Based on the above indicators, the Group accounted for its investment in VREIT as an investment in associate.

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

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

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.

For receivables from tenants, the PD scenario used in the calculation of ECL was a 33% equal probability of all scenarios as of December 31, 2023 and 2022.

Further details are provided in Note 9.

Incorporation of forward-looking information
The Group incorporates forward-looking information 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.

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, investment in associate 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.

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. For investment in associate, this requires an estimation of the recoverable amount which is the higher of fair value less costs to sell or value-in-use. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows for the cash generating unit (i.e., consideration of the current lease data and rental projections which was based on the current lease contract rates and other terms) and also to choose a suitable discount rate in order to calculate the present value of cash flows.

As of December 31, 2023 and 2022, the market value of VREIT shares was lower than the book value which is an indication of impairment. Accordingly, the Group performed full impairment testing of its investment in associate.

Further details are provided in Notes 8 and 10.

Determining the fair value of investment properties
The Group's investment properties consist of land and buildings (malls and office buildings) and other building improvements held for leasing and land held for capital appreciation. For land and buildings and building improvements held for leasing, the fair values were determined by external appraisers using discounted cash flow method or income approach. For land held for capital appreciation, the fair values were determined by management using market value approach which is based on comparable prices adjusted for specific market factors such as nature, location and condition of the property. Further details are provided in Note 10.

The fair value of the investment properties assigned by the Sponsors to VREIT was used as measurement basis in the recognition of 'Investment in associate', which pertains to the shares issued by VREIT to MAPI and MC. Significant inputs used in the determination of the fair values were discussed in Note 10.

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, 2023 and 2022. 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 to ₱10,174.22 million or 80.27% of the total, ₱10,292.89 million or 87.89% of the total, ₱7,091.75 million or 80.26% of the total of the Group was generated from anchor tenants as defined in Note 20 for the years ended December 31, 2023, 2022, and 2021 respectively.

There is no cyclicality in the Group's operations.

7. Cash

This account consists of:

	2023	2022
Cash on hand	**₱520,500**	₱555,500
Cash in banks (Notes 23 and 24)	**156,790,228**	3,515,516,617
	₱157,310,728	₱3,516,072,117

Cash in banks earns interest at the prevailing bank deposit rates. Interest rate ranges from 0.06% to 0.40%, for both 2023 and 2022 and 0.10% to 1.50% in 2021.

Interest earned from cash in banks for the years ended December 31, 2023, 2022, and 2021 amounted to ₱1.08 million, ₱2.02 million, and ₱1.37 million, respectively (see 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 ranging from 3.00% to 3.25% for 2023, 2022 and 2021.

As at December 31, 2023 and 2022, the Group's short-term investments is ₱7.32 million and ₱7.39 million, respectively.

Investment at Fair Value Through Profit or Loss
The investment at fair value through FVTPL of the Group comprises of investment in mutual funds.

The movement of the accounts follows:

	2023	2022
Balances at beginning of year	**₱25,461,603**	₱26,871,612
Unrealized fair value (loss) gain during the year	**336,645**	(1,410,009)
Balances at end of year	**₱25,798,248**	₱25,461,603

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 classify as FVOCI.

The movement of the accounts follows:

	2023	2022
Balances at beginning of year	**₱1,241,143,555**	₱2,655,294,999
Unrealized fair value loss during the year	**(7,522,082)**	(1,414,151,444)
Balances at end of year	**₱1,233,621,473**	₱1,241,143,555

Investment in Associate
This account pertains to the Group's investment in VREIT. VREIT was incorporated in the Philippines and registered with the Philippine SEC in August 2020 primarily to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law). VREIT was listed in the Philippine Stock Exchange through an initial public offering (IPO) as a REIT entity on June 15, 2022 (see Note 1).

The movement of the account follows:

	2023	2022
Costs		
At January 1	**₱18,883,396,302**	₱204,500,000
Additions through property-for-share swap (Note 1)	–	27,706,890,000
Disposal through sale of secondary shares during IPO (Note 1)	–	(9,027,993,698)
	18,883,396,302	18,883,396,302
Accumulated Equity on Net Income		
At January 1	**443,099,802**	–
Equity share in net income[1]	**571,660,787**	610,018,365
Less: Dividend income	**(459,016,944)**	(166,918,563)
	555,743,645	443,099,802
Accumulated Impairment Losses		
At January 1	**(9,490,858,896)**	–
Impairment loss	**(49,714,974)**	(9,490,858,896)
	(9,540,573,870)	(9,490,858,896)
Carrying Value	**₱9,898,566,077**	₱9,835,637,208

[1]Net loss is inclusive of fair value change in investment properties. The Group's equity share is excluding the fair value change.

In 2023 and 2022, the Group recognized provision for impairment on its investment in associate amounting to ₱49.71 million and ₱9,490.86 million, respectively. The recoverable amount of the investment was based on value-in-use calculations using cash flow projections approved by management covering a five-year period. The discount rate applied to the cash flow projections is 9.20% and 9.70% in 2023 and 2022, respectively. Cash flows beyond the five-year period are extrapolated using capitalization rates ranging from 4.00% to 5.00%, which do not exceed that of its industry peers.

Key assumptions used in the value-in-use calculations
The calculations of value-in-use for the investment are most sensitive to the following assumptions:

- Revenue - Revenue forecasts are management's best estimates considering factors such as rate per square meter, and the renewal and escalation rates.
- Forecasted costs and expenses - Costs and expenses are based on existing supplier contracts, historical experiences and applicable inflation rate.
- Pre-tax discount rate - Discount rate represents the current market assessment of the risks specific to the investment, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the investee and is derived from its weighted average cost of capital.

The summarized statements of financial position of VREIT follows:

	2023	2022
Current assets	**₱2,444,254,902**	₱2,153,068,253
Noncurrent assets	**26,551,461,001**	25,365,731,193
Current liabilities	**1,233,193,524**	1,315,230,704
Noncurrent liabilities	**260,047,567**	39,830,724
Equity	**27,502,474,812**	26,163,738,018

The summarized statements of comprehensive income (loss) of VREIT follows:

	2023	2022
Revenue	**₱2,625,021,207**	₱2,101,426,220
Fair value change in investment properties	**537,718,974**	(11,199,547,174)
Cost and expenses	**(602,186,126)**	(477,239,010)
Other expense	**(112,651)**	(70,453)
Net income (loss)	**2,560,441,404**	(9,575,430,417)
Provision for income tax	**(41,204,610)**	(42,787,138)
Other comprehensive income	**–**	–
Total comprehensive income (loss)	**₱2,519,236,794**	(₱9,618,217,555)
Group's equity share in total comprehensive income[1]	**₱571,660,787**	₱610,018,365

[1]*Net loss is inclusive of fair value change in investment properties. The Group's equity share is excluding the fair value change.*

Below is the reconciliation with the carrying amount of the investment in the consolidated financial statements:

	2023	2022
Net assets at beginning of year	**₱23,728,443,527**	₱510,075,007
Additions to net assets during the year	**260,510,407**	23,218,368,520
Share in net assets	**9,326,905,290**	9,225,618,843
Equity share in net earnings	**571,660,787**	610,018,365
Carrying value of investment in associate as at year-end	**₱9,898,566,077**	₱9,835,637,208

The fair value of the Group's investment in associate amounted to ₱4,870.00 million at ₱1.67 per share as at December 31, 2023 and ₱4,811.80 million at ₱1.65 per share as at December 31, 2022.

9. Receivables

This account consists of:

	2023	2022
Accounts receivable from tenants (Note 20)	**₱5,193,725,043**	₱6,996,149,846
Accrued rental receivable (Note 20)	**21,434,575,025**	14,381,711,261
Advances to contractors	**5,426,042,391**	4,759,158,889
Receivable from related parties (Note 20)	**3,218,440,000**	–
Dividends receivable (Note 20)	–	105,276,440
Other receivables	**108,315,787**	81,050,662
	35,381,098,246	26,323,347,098
Less allowance for impairment losses	**(893,921,027)**	(679,547,684)
	34,487,177,219	25,643,799,414
Less noncurrent portion	**(25,144,669,857)**	(17,545,399,950)
	₱9,342,507,362	₱8,098,399,464

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. Except for lease contracts with related parties, these are covered by security deposit of tenants' equivalent to two to four-month rental and two to four-month advance rent paid by the lessees. This includes both the fixed and contingent portion of lease.

Accrued rental receivable
Accrued rental receivable pertains to the effect of straight-line calculation of rental income. The noncurrent portion of accrued rental receivable pertains to future billings beyond 12 months from reporting date.

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

Provision for expected credit losses
The following is the rollforward analysis of impaired receivables:

	2023	2022
Balances at beginning of year	**₱679,547,684**	₱434,346,437
Provision during the year:		
Receivables from tenants	**215,089,806**	246,750,800
Advances to contractors	**24,525,363**	−
Write-off	**(24,525,363)**	−
Recoveries	**(716,463)**	(1,549,553)
	₱893,921,027	₱679,547,684

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

Set out below is the information about the credit risk exposure on the Group's accounts receivable from third party tenants using a provision matrix:

	2023					
	Days past due					
	Current	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total**
Average expected credit loss rates	**15.11%**	**24.58%**	**46.30%**	**55.43%**	**58.91%**	
Amount of exposure at default net of advance rent and security deposits	**₱79,771,098**	**₱12,533,524**	**₱8,296,250**	**₱6,595,687**	**₱68,791,594**	**₱175,988,153**
Expected credit loss	**₱12,052,777**	**₱3,080,234**	**₱3,840,758**	**₱3,655,764**	**₱40,527,279**	**₱63,156,812**

	2022					
	Days past due					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Average expected credit loss rates	5.55%	8.74%	15.67%	18.34%	18.34%	
Amount of exposure at default net of advance rent and security deposits	₱25,906,681	₱5,496,802	₱287,923	₱–	₱–	₱31,691,406
Expected credit loss	₱1,436,931	₱480,358	₱45,119	₱–	₱–	₱1,962,408

In 2023, out of the total impairment loss of ₱239.62 million, ₱194.81 million pertains to specifically impaired receivables, while ₱44.81 million is from generally impaired receivables from ECL calculation. In 2022, the Group has recognized specifically impaired receivables amounting to ₱75.17 million while generally impaired receivables from ECL calculation is nil.

For the accounts receivable from related party tenants, the expected credit loss from the impairment exercise using a provision matrix is zero.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space, (b) provisioning of water and electricity, and (c) connection to air conditioning system, (d) CUSA services, and (e) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 30 days upon receipt of the bill. Except for related party tenants, in case of delay in payments, a penalty of 5% is charged for the amount due and shall be charged another 5% the following month of delay and every month thereafter inclusive of penalties previously charged. Except for related party tenants, the lease arrangement would typically require a tenant to pay advance rent equivalent to three months and a security deposit equivalent to three months rental to cover any breakages after the rental period, with the excess returned to the tenant.

As a result of the execution of the Property-for-Share Swap and Deed of Assignment of Leases, the Group effectively terminated the lease contracts assigned to VREIT and thereby reversed the related accrued rental receivables amounting to ₱2,761.47 million which was closed against the gain on property-for share swap (see Note 1).

On January 8, 2022, a fire hit MC's Star Mall Alabang in Muntinlupa City that led to immediate stoppage of operations, all offices and tenant spaces were closed and all lease contracts with tenants were automatically terminated. Accordingly, the Group reversed accrued rental receivables amounting to ₱385.01 million which was closed against rental income, and subsequently impaired accounts receivable from tenants amounting to ₱36.81 million which was already included in the recognized total provision of ₱246.75 million in 2022 (see Note 20).

Receivables from Related Parties

In March 2023, June 2023 and September 2023, Deeds of Assignment were entered among (1) the Group as lessor; (2) various related party tenants under AllValue Holdings Corp. (AVHC) (Assignors) and (3) AVHC (Assignee), being the parent company, for the Assignors to assign, transfer and convey to AVHC as the Assignee, all the Assignors' rental payables to the Group aggregating to ₱5,105.08 million.

As of December 31, 2023, parcels of land valued at ₱1,886.64 million were transferred by AVHC to the Group as a form of settlement of the assigned receivable and these were recorded under "Investment properties" in the consolidated statement of financial position (see Note 10).

The remaining ₱3,218.44 million are expected to be settled through cash or land properties (see Note 27).

Offsetting Arrangements

In December 2023, MC and MAPI as the Sponsors, entered into an agreement with VREIT (associate) to offset the Sponsors' dividends receivable of ₱459.02 with its payable to VREIT as of December 31, 2023 (see Note 20).

In 2023 and 2022, the Group entered into a land development agreement with a third-party contractor valued at ₱1,109.04 million and ₱2,286.00 million, respectively, to which the Group incurred a liability of the same amount. On the same date, the Group as lessor, the third-party contractor and certain related party tenants mostly under AVHC entered into an arrangement wherein the Group's payable to the third-party contractor was offset against certain rental receivables from All Value Group for the same amount (see Note 20).

10. **Investment Properties**

The rollforward analysis of this account follows:

	December 31, 2023				
	Land and Land Development	**Building and Building Improvements**	**Construction in Progress**	**Right-of-use Assets**	**Total**
Cost					
Balances at beginning of year	**₱14,559,000,298**	**₱30,405,225,768**	**₱2,248,570,146**	**₱6,194,161,324**	**₱53,406,957,536**
Additions	**1,935,441,381**	**101,222,137**	**1,355,312,745**	**–**	**3,391,976,263**
Retirement	**–**	**(184,700,871)**	**–**	**–**	**(184,700,871)**
Reclassification	**–**	**116,942,038**	**(116,942,038)**	**–**	**–**
Balances at end of year	**16,494,441,679**	**30,438,689,072**	**3,486,940,853**	**6,194,161,324**	**56,614,232,928**
Accumulated Depreciation					
Balances at beginning of year	**–**	**7,708,625,789**	**–**	**798,780,033**	**8,507,405,822**
Depreciation	**–**	**1,270,109,681**	**–**	**231,221,760**	**1,501,331,441**
Retirement	**–**	**(20,051,570)**	**–**	**–**	**(20,051,570)**
Balances at end of year	**–**	**8,958,683,900**	**–**	**1,030,001,793**	**9,988,685,693**
Net Book Value	**₱16,494,441,679**	**₱21,480,005,172**	**₱3,486,940,853**	**₱5,164,159,531**	**₱46,625,547,235**

	December 31, 2022				
	Land and Land Development	Building and Building Improvements	Construction in Progress	Right-of-use Assets	Total
Cost					
Balances at beginning of year	₱12,273,364,469	₱39,955,695,199	₱3,786,042,345	₱6,194,161,324	₱62,209,263,337
Additions	2,285,635,829	47,285,769	663,795,826	–	2,996,717,424
Transfer of properties to VREIT (Note 1)	–	(9,638,157,105)	(4,330,758)	–	(9,642,487,863)
Retirement due to fire	–	(1,962,779,198)	(193,756,164)	–	(2,156,535,362)
Reclassification	–	2,003,181,103	(2,003,181,103)	–	–
Balances at end of year	14,559,000,298	30,405,225,768	2,248,570,146	6,194,161,324	53,406,957,536
Accumulated Depreciation					
Balances at beginning of year	–	9,745,200,101	–	567,806,152	10,313,006,253
Depreciation	–	1,228,327,028	–	230,973,881	1,459,300,909
Transfer of properties to VREIT (Note 1)	–	(2,091,731,035)	–		(2,091,731,035)
Retirement due to fire	–	(1,173,170,305)	–	–	(1,173,170,305)
Balances at end of year	–	7,708,625,789	–	798,780,033	8,507,405,822
Net Book Value	₱14,559,000,298	₱22,696,599,979	₱2,248,570,146	₱5,395,381,291	₱44,899,551,714

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

The reclassification of ₱2,003.18 million from construction in progress to building and building improvements in 2022, represents completed retail mall in Mintal, Davao.

Rental income earned from investment properties amounted to ₱12,673.46 million, ₱11,710.84 million, and ₱8,836.17 million in 2023, 2022 and 2021, respectively. Repairs and maintenance costs incurred arising from the investment properties amounted to ₱141.20 million, ₱92.10 million, and ₱125.37 million for the years ended December 31, 2023, 2022 and 2021, respectively. Cost of property operations amounted to ₱3,088.22 million, ₱2,203.49 million and ₱3,227.93 million for the years ended December 31, 2023, 2022 and 2021, respectively. For the terms and conditions on the lease, refer to Note 25.

As of December 31, 2023 and 2022, the aggregate fair values of investment properties amounted to ₱75,638.66 million and ₱61,629.44 million, respectively, using Level 3 (significant unobservable inputs).

In 2023 and 2022, the fair values of the investment properties held for leasing were determined by independent professionally qualified appraisers.

In the determination of fair values in 2023 and 2022, 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, vacancy rates and discount rates. The discount rate used in the valuation are of 9.20% to 9.60% and 8.77% to 9.70% in 2023 and 2022, 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 an opposite change in the long-term vacancy rate and discount rate.

The parcels of land are located in cities and municipalities like Mandaluyong City, Las Piñas City, Taguig City, Naga City, Dasmariñas, Bacoor, Imus, San Jose del Monte, Sta. Rosa City, Muntinlupa City, Kawit, Talisay City, Sto. Tomas, Silang. The fair value measurement using unobservable data in active market is Level 3 of the fair value hierarchy. The market price per square meter of the land ranges between ₱4,505 to ₱126,000 in Mega Manila, ₱18,584 to ₱47,566 in Northern Luzon, ₱8,955 to ₱63,725 in Southern Luzon, ₱5,500 to ₱404,040 in Central Luzon, ₱6,000 to ₱109,639 in Visayas, and ₱15,068 to ₱48,252 in Mindanao.

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 ₱370.56 million are used to secure the bank loans of the Group as of December 31, 2023 and 2022 (see Note 14). The fair value of the investment properties used as collateral amounted to ₱5,575.57 million and 4,399.07 million under market approach as of December 31, 2023 and 2022, respectively.

There is no borrowing cost capitalized to investment properties for the years ended December 31, 2023 and 2022 (see Note 18). Amortization expense related to right-of-use asset amounted to ₱231.22 million and ₱230.97 million for the years ended December 31, 2023 and 2022, respectively. Right-of-use asset is amortized over a period of 3 to 30 years.

In 2023, the Group has written off its investment properties that were identified as no longer functioning as intended, with carrying value of ₱164.65 million and this was included under “Repairs and maintenance and loss on asset retirement” account under “Costs and expenses” in the consolidated statements of comprehensive income.

As a result of the execution of the Property-for-Share Swap and Deed of Assignment of Leases, the Group effectively transferred investment properties of the Assigned Properties to VREIT and thereby retired the related assets with net book value of ₱7,550.76 million (see Note 1).

On January 8, 2022, a fire hit Star Mall Alabang in Muntinlupa City which resulted to retirement of investment properties and property and equipment with carrying value of ₱983.37 million and ₱3.56 million, respectively. This resulted to a net loss of ₱366.94 million, net of proceeds received from the insurance companies in 2022 amounting to ₱620.00 million. In 2023, the Group received additional insurance proceeds amounting to ₱1,841.16 million which was recorded as Proceeds from insurance claims in the statement of comprehensive income.

The total contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhances amounted to ₱1,556.69 million and ₱1,838.03 million as of December 31, 2023 and 2022, respectively.

11. **Other Assets**

This account consists of:

	2023	2022
Input value-added tax (VAT)	**₱2,987,434,588**	₱2,968,212,213
Refundable deposits	**159,852,718**	183,521,450
Restricted cash	**148,272,551**	147,869,377
Prepaid expenses	**30,475,540**	20,424,876
Creditable withholding taxes	**12,728,267**	33,022,049
Others	**13,046,455**	13,793,442
	3,351,810,119	3,366,843,407
Less noncurrent portion:		
Restricted cash	**7,538,491**	147,869,377
Refundable deposits	**159,852,718**	183,521,450
	167,391,209	331,390,827
	₱3,184,418,910	₱3,035,452,580

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.

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.

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 ₱7.00 million, ₱2.28 million, and ₱2.24 million in 2023, 2022 and 2021, respectively (see Note 18).

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, 2023, and 2022, creditable withholding taxes applied to income tax payable amounting to ₱114.74 million and ₱143.53 million, respectively.

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.

As a result of the execution of the Asset-for-Share Swap Agreement and Deed of Assignment of Leases, the Group effectively transferred other current assets and refundable deposits of the Assigned Properties to VREIT amounting to ₱128.09 million and ₱128.04 million, respectively (see Note 1).

12. Accounts and Other Payables

This account consists of:

	2023	2022
Accounts payable:		
Contractors	**₱2,664,245,128**	₱2,601,560,205
Supplier	**640,939,452**	972,744,758
Deferred output VAT	**1,049,861,315**	916,719,179
Current portion of liabilities for purchased land	**190,235,096**	264,619,838
Current portion of retention payable	**404,376,252**	154,541,296
Accrued expenses	**218,673,836**	83,675,553
Other payables	**152,904,061**	152,659,691
	₱5,321,235,140	₱5,146,520,520

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.

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' (see 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' (see Note 15).

Accrued expenses
Details of accrued expenses as follow:

	2023	2022
Real property taxes	**₱88,555,826**	₱4,513,629
Utilities	**13,859,595**	12,471,590
Interest (Note 25)	**19,810,350**	25,093,110
Repairs and maintenance and licenses	**34,191,775**	11,280,537
Advertising	**13,736,329**	4,026,904
Security services	**13,734,830**	11,625,041
Agency services	**9,269,704**	4,847,461
Professional fees	**8,513,810**	1,385,170
Janitorial services	**8,231,826**	5,002,454
Rental	**229,098**	95,998
Others	**8,540,693**	3,333,659
	₱218,673,836	₱83,675,553

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. Advance Rent and Security Deposits

This account consists of:

	2023	2022
Advance rent	**₱721,900,710**	₱669,294,184
Security deposits	**592,412,412**	574,600,037
	1,314,313,122	1,243,894,221
Less noncurrent portion:		
Advance rent (Note 15)	**(49,654,341)**	(38,201,829)
Security deposits (Note 15)	**(109,367,140)**	(84,083,413)
	(159,021,481)	(122,285,242)
	₱1,155,291,641	₱1,121,608,979

Advance rent
Advance rent includes three-month advance rent 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.

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.

As a result of the execution of the Property-for-share Swap Agreement and Deed of Assignment of Leases, the Group effectively transferred security deposits and advance rent of the Assigned Properties to VREIT amounting to ₱169.27 million (see Note 1).

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, 2023	December 31, 2022
Principal		
Balance at the beginning of year	**₱2,196,875,000**	₱2,009,056,070
Availment during the year	**–**	2,000,000,000
Payment	**(462,500,000)**	(1,812,181,070)
Balance at end of year	**1,734,375,000**	2,196,875,000
Debt issue cost		
Balance at the beginning of the year	**22,476,957**	682,986
Additions during the year	**–**	24,276,438
Amortizations	**(8,188,143)**	(2,482,467)
Balance at end of the year	**14,288,814**	22,476,957
Carrying value	**1,720,086,186**	2,174,398,043
Less current portion	**444,848,868**	455,599,705
Noncurrent portion	**₱1,275,237,318**	₱1,718,798,338

Details of the bank loans as at December 31, 2023 and 2022 follow:

Loan Type	Date of Availment	2023	2022	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
MAPI							
Bank loan	July 2017	**₱234,375,000**	₱296,875,000	June 2027	6.23%	Interest and principal payable quarterly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; Guaranteed by VMI
		234,375,000	296,875,000				
MC							
Bank loan	October 2022	**1,485,711,186**	1,877,523,043	July 2027	7.55%	Interest and principal payable quarterly	With land collateral in Alabang
		1,485,711,186	1,877,523,043				
		1,720,086,186	2,174,398,043				
Less noncurrent portion		**1,275,237,318**	1,718,798,338				
		₱444,848,868	₱455,599,705				

Interest expense on bank loans amounted to ₱153.99 million, ₱124.14 million and ₱159.04 million in 2023, 2022 and 2021, respectively (see Note 18).

The Group has complied with the covenants required by the bank loans as at December 31, 2023 and 2022. 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:

	2023	2022
Retention payable - net of current portion (Note 12)	**₱111,306,723**	₱390,308,911
Liabilities for purchased land – net of current portion (Note 12)	**111,118,635**	101,284,788
Security deposits - net of current portion (Note 13)	**109,367,140**	84,083,413
Advance rent - net of current portion (Note 13)	**49,654,341**	38,201,829
Other payables (Note 12)	**4,865,800**	22,649,146
	₱386,312,639	₱636,528,087

16. Equity

Capital Stock

The details of the Parent Company's capital stock as at December 31 follow:

	2023	2022
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, 2023:

	Number of Shares Registered	Number of holders of securities as of year end
December 31, 2021	8,425,981,156	434
Add/(Deduct) Movement	−	(2)
December 31, 2022	8,425,981,156	432
Add/(Deduct) Movement	−	(1)
December 31, 2023	**8,425,981,156**	**431**

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, 2023, after reconciling items, amounted to ₱5,516.82 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱32,225.76 million, and ₱24,008.16 million in 2023, and 2022, respectively. These are not available for dividends until declared by the subsidiaries.

The BOD of the Parent Company approved the declaration of regular cash dividend amounting to ₱258.14 million or ₱0.0306 per share and ₱220.43 million or ₱0.0262 per share on September 28, 2023 and September 30, 2022, respectively. The dividend declarations are in favor of all stockholders of record as of October 13, 2023 and October 14, 2022, ₱257.87 million and ₱220.40 million of which were paid on October 27, 2023 and October 27, 2022, respectively. The remaining unpaid dividends are lodged under "Payable to VLLI" account.

As at December 31, 2023 and 2022, unpaid dividends amounted to ₱0.28 million and ₱0.30 million, respectively.

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, 2023, 2022 and 2021, the Group had the following ratios:

	2023	2022	2021
Current ratio	**0.43**	0.44	0.37
Debt-to-equity ratio	**1.21**	1.50	1.70
Net debt-to-equity ratio	**0.03**	(0.04)	0.06
Asset-to-equity ratio	**2.21**	2.50	2.70

As at December 31, 2023, 2022 and 2021, the Group had complied with all externally imposed capital requirements (see Note 14). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2022 and 2021.

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, 2023, 2022 and 2021:

	2023	2022	2021
Total paid-up capital	**₱14,838,795,510**	₱14,838,795,510	₱14,838,795,510
Retained earnings	**33,891,742,283**	25,617,070,581	17,475,393,694
Other comprehensive income	**(4,016,045,195)**	(4,011,979,200)	(2,619,111,110)
	₱44,714,492,598	₱36,443,886,891	₱29,695,078,094

Other comprehensive income attributable to Parent Company consists of the following:

	Unrealized fair value loss on equity investment at FVOCI	Remeasurement gain in pension liabilities	Total
OCI as at January 1, 2021	(₱1,774,909,152)	₱6,365,171	(₱1,768,543,981)
Movement during the year	(865,039,447)	14,472,318	(850,567,129)
OCI as at December 31, 2021	(₱2,639,948,599)	₱20,837,489	(₱2,619,111,110)
OCI as at January 1, 2022	(₱2,639,948,599)	₱20,837,489	(₱2,619,111,110)
Movement during the year	(1,412,044,544)	19,176,454	(1,392,868,090)
OCI as at December 31, 2022	(₱4,051,993,143)	₱40,013,943	(₱4,011,979,200)
OCI as at January 1, 2023	**(₱4,051,993,143)**	**₱40,013,943**	**(₱4,011,979,200)**
Movement during the year	**(7,510,799)**	**3,444,804**	**(4,065,995)**
OCI as at December 31, 2023	**(₱4,059,503,942)**	**₱43,458,747**	**(₱4,016,045,195)**

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 outstanding balance of selected related parties are provided with financial support by Fine Properties, Inc., ultimate parent company. As discussed in Note 6, out of the total rental income in 2023, 80.27% comes from anchor tenant of the Group which is a related party.

17. **Other Operating Income**

This account consists of:

	2023	2022	2021
Administrative fees	**₱206,658,556**	₱129,416,790	₱147,389,811
Mall maintenance and security fees	**113,779,835**	54,617,133	65,268,056
Advertising fees	**19,128,512**	17,844,802	36,318,382
Penalties and surcharges	**3,681,449**	1,248,740	792,326
Forfeited deposits and advances and reversals	**1,734,873**	53,084,971	7,076,680
Gain on derecognition of liabilities	–	72,664,512	8,524,644
Miscellaneous	**12,277,560**	3,778,467	2,641,020
	₱357,260,785	₱332,655,415	₱268,010,919

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 consists of:

	2023	2022	2021
Interest income from cash, short term investments and restricted cash (Note 7, 8 and 11)	**₱8,081,458**	₱5,307,418	₱3,952,030
Interest income from tenants	**298,023**	5,960,583	277,657
	₱8,379,481	₱11,268,001	₱4,229,687

Interest expense and other financing charges consist of:

	2023	2022	2021
Bank loans (Note 14)	**₱153,991,691**	₱124,137,960	₱159,041,360
Lease liabilities (Notes 25)	**506,740,223**	501,286,555	403,269,265
Advances from Ultimate Parent (Note 20)	–	23,818,256	–
Bank charges	**1,016,842**	311,156	279,464
	₱661,748,756	₱649,553,927	₱562,590,089

19. Income Tax

Provision for income tax consists of:

	2023	2022	2021
Current:			
RCIT	**₱149,330,503**	₱171,806,208	₱102,460,930
MCIT	**–**	81,874	797,911
Final	**217,819**	605,539	492,559
Deferred	**2,523,107,214**	1,864,426,377	480,137,830
	₱2,672,655,536	₱2,036,919,998	₱583,889,230

The components of the Group's deferred tax assets (liabilities) are as follows:

	2023	2022
Deferred tax assets on:		
Lease liabilities	**₱1,690,459,420**	₱1,679,285,999
Allowance for impairment	**223,454,036**	169,681,585
Accrual of retirement costs	**13,379,293**	12,289,543
	1,927,292,749	1,861,257,127
Deferred tax liabilities on:		
Straight lining of rent income	**(5,358,643,756)**	(3,595,427,815)
Capitalized interest and other expenses	**(3,699,378,704)**	(3,269,035,317)
Right-of-use assets	**(1,291,039,884)**	(1,348,845,324)
Difference in tax basis of depreciation expense	**(460,289,100)**	–
Excess of book basis over tax basis of deferred gross profit on real estate sales	**(7,239,218)**	(12,992,726)
	(10,816,590,662)	(8,226,301,182)
	(₱8,889,297,913)	(₱6,365,044,055)

Out of the ₱2,524.25 million movement in net deferred tax liabilities, ₱1.15 million was booked as movement in OCI in 2023.

Out of the ₱1,870.82 million movement in net deferred tax liabilities, ₱6.39 million was booked as movement in OCI in 2022.

As at December 31, 2022, the Group has MCIT amounting to ₱84,519 that are available for offset against future tax due for which no deferred tax assets have been recognized. In 2023, such MCIT has been utilized against tax due.

The related unrecognized deferred tax assets on these deductible temporary differences are 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. The subsidiaries recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

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:

	2023	2022	2021
Provision for income tax at statutory income tax rate	**25.00%**	25.00%	25.00%
Tax effects of:			
Expiration of NOLCO and MCIT	–	–	0.02
Nondeductible interest and impairment loss on investment in associate	**(0.01)**	28.59	0.10
Income already subjected to final tax	–	–	(0.01)
Change in unrecognized deferred tax assets	**(0.01)**	(0.05)	(0.01)
Changes in tax rate arising from CREATE Act	–	–	(13.34)
Gain on Property-for-Share Swap	–	(33.96)	–
Others	**(1.13)**	–	(0.62)
Provision for income tax	**23.85%**	19.58%	11.14%

Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE"
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

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

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

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

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, 2022 and 2021:

2023

	Nature of Transaction	Volume	Receivable (Payable)	Terms	Conditions
Receivables from tenants and accrued rental receivables (Note 9)					
Ultimate Parent Company	**a) Rental of office spaces**	**₱–**	**₱3,577,888**	**Noninterest-bearing**	**Unsecured; no impairment**
VLLI	**a) Rental of office spaces**	**15,274,057**	**6,009,624**	**Noninterest-bearing**	**Unsecured; no impairment**
Entities under common control	**a) Rental of commercial spaces**	**11,504,825,926**	**25,555,019,751**	**Noninterest-bearing**	**With financial support from Fine Properties Inc., no impairment**
			₱25,564,607,263		
***Receivables from related parties** (Note 9)*					
Entities under common control	**a) Advances**	**₱3,218,440,000**	**₱3,218,440,000**	**Noninterest-bearing**	**With letter of financial support from Fine Properties Inc., No impairment**
Investments at fair value through OCI (Note 8)					
VLLI	**b) Investments in VLLI shares**	**(₱7,522,082)**	**₱1,233,621,473**	**Not held for trading; subject to fair value changes**	**Unsecured; no impairment**
Receivables from related parties					
Ultimate Parent Company	**f) Dividend**	**(3,515,265)**	**–**		
Entities under common control	**c) Advances**	**515,393,795**	**3,160,157,971**	**Noninterest-bearing**	**Unsecured; no impairment**
			₱3,160,157,971		
Dividends receivable					
	h) Dividends	**(₱105,276,440)**	**₱–**	**Noninterest-bearing**	**Unsecured**
Investment in associate					
VistaREIT, Inc.	**i) Investment in associate**	**₱62,928,869**	**₱9,898,566,077**	**Noninterest-bearing**	**Unsecured; with impairment**
Payables to related parties					
Parent Company	**c) Advances**	**₱2,814,861,919**	**(₱30,109,086,289)**	**Noninterest-bearing**	**Unsecured**
	f) Dividend	**(227,761,695)**	**–**	**–**	**–**
VistaREIT, Inc.	**c) Dividend Income**	**459,016,945**	**–**		
			(₱30,109,086,289)		
Lease liabilities (Note 25)					
Ultimate parent company	**e) Rental of parcels of land**	**(₱9,629,246)**	**(₱263,287,168)**	**Scheduled lease payments**	**Unsecured**
Entities under common control	**e) Rental of parcels of land**	**(74,887,813)**	**(1,979,447,810)**	**Scheduled lease payments**	**Unsecured**
			(₱2,242,734,978)		
Dividends payable (Note 16)					
Other stockholders	**f) Dividend**	**(₱26,558,063)**	**(₱275,118)**	**Due and demandable; noninterest-bearing**	**Unsecured**

2022

	Nature of Transaction	Volume	Receivable (Payable)	Terms	Conditions
Receivables from tenants and accrued rental receivables (Note 9)					
Ultimate Parent Company	a) Rental of office spaces	₱69,960	₱3,577,888	Noninterest-bearing	Unsecured; no impairment
VLLI	a) Rental of office spaces	14,645,565	3,725,481	Noninterest-bearing	Unsecured; no impairment
Entities under common control	a) Rental of commercial spaces	10,449,838,179	20,138,726,644	Noninterest-bearing	With financial support from Fine Properties Inc., no impairment
			₱20,146,030,013		
Investments at fair value through OCI (Note 8)					
VLLI	b) Investments in VLLI shares	(₱1,414,151,444)	₱1,241,143,555	Not held for trading; subject to fair value changes	Unsecured; no impairment
Receivables from related parties					
Ultimate Parent Company	c) Advances	₱–	₱–	Noninterest-bearing	Unsecured; no impairment
	d) Sale of VLLI shares	–	–	Noninterest-bearing	Unsecured; no impairment
	f) Dividend	(3,009,802)	–		
Entities under common control	c) Advances	(₱134,793,420)	₱2,644,764,176	Noninterest-bearing	Unsecured; no impairment
			₱2,644,764,176		
Dividends receivable					
VistaREIT, Inc.	h) Dividends	(₱166,918,563)	₱105,276,440	Noninterest-bearing"	Unsecured
Investment in associate					
VistaREIT, Inc.	i) Investment in associate	₱9,631,137,208	₱9,835,637,208	Noninterest-bearing	Unsecured; with impairment
Payables to related parties					
Parent Company	c) Advances	(₱1,491,716,286)	(₱32,696,186,513)	Noninterest-bearing	Unsecured
	f) Dividend	(195,011,647)	–	–	–
			(₱32,696,186,513)		
Lease liabilities (Note 25)					
Ultimate parent company	e) Rental of parcels of land	₱–	(₱253,657,922)	Scheduled lease payments	Unsecured
Entities under common control	e) Rental of parcels of land	–	(1,904,559,997)	Scheduled lease payments	Unsecured
			(₱2,158,217,919)		
Dividends payable (Note 16)					
Other stockholders	f) Dividend	(₱22,739,257)	(₱303,675)	Noninterest-bearing	Unsecured

The significant transactions with related parties follow:

a) The Group has operating lease agreements with entities under common control for the leases of commercial centers. The lease agreements are renewable and contain escalation clauses. Rental income and receivables including the effect of straight-line calculation from related parties amounted to ₱11,504.83 million and ₱25,555.02 million, respectively, as of December 31, 2023, to ₱10,449.84 million and ₱20,146.03 million, respectively, as of December 31, 2022. These receivables from related parties which are recognized as 'Accounts receivable from tenants' and 'Accrued rent receivable' under 'Receivables' are not impaired (see Note 9).

   Included in the related party tenants are the AllValue HOLDINGS CORP. group of companies (AllValue Group), an anchor tenant, which is comprised of AllHome Corp., AllDay Marts, Inc., All Day Retail Concepts, Inc., Family Shoppers Unlimited, Inc., CM Star Management, Inc., and The Village Server. Inc. AllValue Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings. The lease agreements are renewable and contains escalation clauses.

Rental income and receivables from All Value Group including the effect of future lease rate escalation amounted to ₱10,174.22 million and ₱23,056.11 million, respectively, as of December 31, 2023 and ₱9,125.72 million and ₱17,997.41 million, respectively, as of December 31, 2022. These receivables from All Value Group which are recognized as 'Accounts receivable from tenants' and 'Accrued rent receivable' under 'Receivables' are not impaired (see Note 9).

Rental income and receivables from All Value Group without the effect of future escalation amounted to ₱4,060.08 million and ₱3,546.63 million, respectively, as of December 31, 2023 and ₱3,702.11 million and ₱4,714.99 million , respectively, as of December 31, 2022. These receivables from All Value Group are recognized as 'Accounts receivable from tenants' under 'Receivables' (see Note 9). These receivables are due and demandable.

Outstanding rent receivables with the effect of future escalation amounting to ₱28,659.00 million were provided with financial support letter by Fine Properties, Inc. as of December 31, 2023. In 2022, outstanding rent receivables without the effect of future escalation amounting to ₱3,156.51 million were provided with financial support letter by Fine Properties, Inc. The amount provided with financial support letter by Fine Properties, Inc. in 2022 excludes those rent receivables pertaining to AllHome Corp. and AllDay Marts, Inc.

As discussed in Note 9, certain contracts with related party tenants which are entities under common control were pre-terminated in 2023 and 2022. For these terminated contracts, accrued rent receivable from straight-lining of rental income of ₱0.43 million and ₱3,120.76 million was reversed against rental income for the year ended December 31, 2023 and 2022, 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 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 to its related party tenants for the years ended December 31, 2022 and 2021 amounted ₱30.97 million and ₱11.70 million, respectively.

In 2022, the Group amended certain lease contracts with Family Shoppers Unlimited, Inc. and Parallax, Inc. resulting to increase in rental income and rental receivables by ₱5,435.40 million. The amendments of the lease contracts are as follows:

a. Extension of lease term by another 30 years commencing from the lease modification date; and
b. From variable rent based on agreed percentage of sales to annual fixed rent of ₱2,000 with 10% annual escalation.

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

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.

As discussed in Note 9, various related party tenants under AVHC (Assignors) assigned their rental payables to AVHC (Assignee), being its parent company. Accordingly, AVHC transferred parcels of land to the Group as a form of settlement of the assigned rental payables.

As discussed in Note 9, the Group also entered into a land development agreement with a third-party contractor to which the Group incurred a liability and wherein the Group's payable to the third-party contractor was offset against certain rental receivables from All Value Group.

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 under common 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.

In 2022, MAPI obtained short-term advances from the Ultimate Parent Company, Fine Properties, Inc., amounting to ₱128.00 million which was settled by MC, a related party under common control, on the same year.

Advances from the Ultimate Parent Company bears interests ranging 6% to 10% per annum. In 2022, the Company incurred interest amounted to ₱23.82 million.(see Note 15)

Offsetting Agreement
In December 2023, MAPI and MC, as the Sponsors, entered into an offsetting agreement with VREIT to offset any financial obligations owed to each other under the terms of existing agreements between the parties and shall apply to all present and future financial obligations including but not limited to dividends, loans, advances and any other monetary transactions.

The following table represents the recognized financial instruments that are offset as of December 31, 2023 and shows in the 'Net' column the net impact on the Company's statements of financial position as a result of the offsetting rights.

	December 31, 2023		
Financial Instruments Offsetting	Gross Amount	Offsetting	Net Amount
Payable to related parties	(₱30,809,115,302)	₱–	(₱30,809,115,302)
Receivables from land lease	–	18,074,214	18,074,214
Dividend receivables (Note 9)	–	459,016,945	459,016,945
Receivables from related parties	–	222,937,854	222,937,854
	(₱30,809,115,302)	700,029,013	(₱30,109,086,289)

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.

In 2021, VMI and various other VLLI subsidiaries executed a Deed of Assignment of Advances (DOA) to Fine Properties, Inc. totaling ₱5.75 billion (₱2,779.56 million coming from VMI) which was consolidated to Brittany Corporation (BC), an entity under common control. The DOA effectively consolidates all receivables of VLLI Group from Fine Properties, Inc. to BC while BC recognizes payable to the respective entities within VLLI Group.

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.

g) Property-for-Share Swap

As a result of the execution of the Property-for-Share Swap Agreement and Deed of Assignment of Leases, the Group effectively transferred property and equipment, other current assets, refundable deposits and security deposits and advance rent of the Assigned Properties to VREIT resulting to an increase in 'Receivable from related parties' of ₱114.05 million (see Note 1).

h) Details of the offsetting agreement of MC and MAPI as the Sponsors, with VREIT are discussed in Note 9.

i) Details of the investment in associate are discussed in Note 8.

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. <u>Dollar Denominated Bonds</u>

a. <u>US$220.00 million Notes (Due July 2027)</u>
On May 17, 2021, VII (the Issuer) issued US$170.00 million notes ("Notes") with a term of six years from initial drawdown date. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes.

As of December 31, 2023 and 2022, outstanding balance of the note amounted to US$172.96 million (₱9,556.63 million) and US$173.68 million (₱9,683.72 million), respectively.

On June 1, 2021, VII issued an additional US$50.00 million unsecured note, with similar terms and conditions as the above notes. There are no properties owned by the Group that were pledged as collateral to this note. As of December 31, 2023 and 2022, outstanding balance of the note amounted to US$50.87 million (₱2,810.78 million) and US$51.08 million (₱2,848.15 million), respectively.

b. 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, 2023 and 2022, outstanding balance of the note amounted to US$198.62 million (₱10,997.85 million) and US$198.30 million (₱11,056.18 million), respectively.

c. 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, 2023, and 2022, outstanding balance of the note amounted to US$348.54 million (₱19,298.78million) and US$346.93 million (₱19,343.13 million), respectively.

d. 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, 2022, the amount due was fully paid.

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, 2022, the amount due was fully paid.

B. Corporate Note Facility

a. ₱10,000 million Corporate Notes (Due April 2026)
On April 4, 2023, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2026 amounting to ₱6,000.00 million at a fixed rate of 7.61% per annum, payable on maturity date.

On April 14, 2023, an additional issuance of Corporate Notes was made in the amount of ₱4,000.00 million due 2026, at a fixed interest of 7.63% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱104.72 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023, the outstanding balance of the Corporate Notes is ₱9,918.49 million.

b. ₱6,000.00 million Corporate Notes (Due March 2027)
On March 28, 2022, 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 2027 amounting to ₱4,000.00 million at a fixed rate of 6.64% per annum, payable in equal 17 quarters.

On June 1, 2022, an additional issuance of Corporate Notes was made in the amount of ₱2,000.00 million due 2027, at a fixed interest of 7.24% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱51.36 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023 and 2022, the outstanding balance of the Corporate Notes is ₱4,643.22 million and ₱5,961.35 million, respectively.

c. ₱12,000.00 million Corporate Notes (Due December 2025)
On January 31, 2023, an additional issuance of Corporate Notes was made in the amount of ₱2,900.00 million due 2025, at a fixed interest of 7.26% per annum, payable on maturity date.

On December 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2025 amounting to ₱8,600.00 million at a fixed rate of 7.93% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱35.46 million and ₱51.77 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023 and 2022, the outstanding balance of the Corporate Notes is ₱11,402.86 million and ₱8,548.23 million, respectively.

d. 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, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱2,810.51million and ₱6,543.95 million, respectively.

e. ₱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, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱3,788.12 and ₱4,810.31 million , respectively.

f. ₱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, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱8,572.57 million and ₱8,764.30 million, respectively.

C. Peso-denominated Loan

a. ₱6,500.00 million Loan
In December 2023, VLLI obtained a 5-year unsecured peso denominated loan amounting to ₱6,500.00 million which bears annual fixed interest of 7.54%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the second interest payment date subject to prepayment option.

As of December 31, 2023, the outstanding balance of the peso denominated loan is ₱6,465.05 million.

b. ₱1,600.00 million Loan
In December 2023, VLLI obtained a 3-year unsecured peso denominated loan amounting to ₱1,600.00 million which bears annual fixed interest of 7.10% payable quarterly. 70% of the principal amount of the loan will be paid in equal quarterly installments commencing at the end of the 6th month from drawdown date, and the 30% balance will be paid in full on maturity date.

As of December 31, 2023, the outstanding balance of the peso denominated loan is ₱1,600.00 million.

c. ₱5,000.00 million Loan
In June 2021, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the second interest payment date subject to prepayment option. As of December 31, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱2,493,34 million and ₱3,487.21 million, respectively.

d. <u>₱2,500.00 million Loan</u>
In May 2021, VLLI Company obtained a 5-year unsecured peso denominated loan amounting to ₱2,500.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 16 equal quarterly installments commencing on the fifth interest payment date. As of December 31, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱1,556.46 million and ₱2,187.50 million, respectively.

e. <u>₱5,000.00 million Loan</u>
On March 2020, the VLLI 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, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱1,314.25 million and ₱2,368.42 million, respectively.

f. <u>₱3,000.00 million Loan</u>
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, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱315.79 million and ₱947.37 million, respectively.

g. <u>₱2,000.00 million Loan</u>
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, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱200.00 million and ₱600.00 million, respectively.

h. <u>₱2,000.00 million Loan</u>
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, 2022, the outstanding balance of the peso denominated loan is ₱500.00 million. (Nil in 2023)

i. <u>₱2,000.00 million Loan</u>
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, 2022, the outstanding balance of the peso denominated loan is ₱500.00 million. (Nil in 2023)

Compensation of Key Management Personnel
The compensation of key management personnel by benefit type follows:

	2023	2022	2021
Short-term employee benefits	**₱30,063,586**	₱27,880,332	₱25,706,288
Post-employment benefits	**13,353,971**	12,718,068	12,407,871
	₱43,417,557	₱40,598,400	₱38,114,159

21. Earnings Per Share and Noncontrolling Interest

Earnings Per Share
The following table presents information necessary to compute the EPS:

	2023	2022	2021
Net profit attributable to equity holders of Parent Company	**₱8,532,813,246**	₱8,362,105,646	₱4,407,214,416
Weighted average common shares	**8,425,981,156**	8,425,981,156	8,425,981,156
Basic/Diluted EPS	**₱1.013**	₱0.992	₱0.523

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, 2023, 2022 and 2021.

Noncontrolling Interest
The Group's noncontrolling interest arises from MC. The summarized financial information of MC is provided below. The information is based on amounts before inter-company eliminations.
Manuela Corporation

	2023	2022	2021
Assets	**₱21,618,287,906**	₱19,749,983,559	₱20,279,969,621
Liabilities	**8,272,055,870**	7,968,830,330	8,009,166,689
Equity	**13,346,232,033**	11,781,153,225	12,270,802,932
Total comprehensive income (loss)	**1,533,732,488**	(1,404,599,690)	(535,979,797)
Attributable to:			
Equity holders of VMI	**1,533,716,331**	(1,402,492,790)	(535,180,794)
Non-controlling interest	**(16,157)**	(2,106,900)	(799,003)

As of December 31, 2023, 2022 and 2021, the accumulated balances of non-controlling interest and net income attributable to non-controlling interests follows:

	2023	2022	2021
Accumulated balances	**₱160,319,912**	₱158,128,989	₱155,495,913
Net income	**2,207,080**	4,739,976	484,123
Other comprehensive income (loss)	**2,190,923**	2,633,076	(1,283,126)

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) and payable to VLLI: Due to the short-term nature of the accounts, the fair values 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 6.42% to 7.40% in 2023 and 5.50% to 8.05% in 2022 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 ranged from 6.42% to 7.39% in 2023 and 5.40% to 7.89% in 2022 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, 2023 and 2022:

	December 31, 2023				
	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 :					
Investments at FVTPL	**₱25,798,248**	**₱25,798,248**	**₱–**	**₱–**	**₱25,798,248**
Investments at FVOCI	**1,233,621,473**	**1,233,621,473**	**–**	**–**	**1,233,621,473**
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loans	**1,720,086,186**	**–**	**–**	**1,720,086,186**	**1,720,086,186**
Liabilities for purchased land	**301,353,731**	**292,693,473**	**–**	**–**	**292,693,473**
Retention payable	**515,682,975**	**491,091,458**	**–**	**–**	**491,091,458**

	December 31, 2022				
	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 :					
Investments at FVTPL	₱25,461,603	₱25,461,603	₱–	₱–	₱25,461,603
Investments at FVOCI	1,241,143,555	1,241,143,555	–	–	1,241,143,555
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loans	2,174,398,043	–	–	2,469,991,213	2,469,991,213
Liabilities for purchased land	365,904,626	360,300,704	–	–	360,300,704
Retention payable	544,850,207	453,743,671	–	–	453,743,671

In 2023 and 2022, 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 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
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), payable to VLLI, liabilities for purchased land, lease liabilities, 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 credit risk and liquidity risk.

The BOD reviews and approves the 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.

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 tenants, accrued rent receivable, 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 Fine Properties, Inc., the ultimate parent company, has provided financial letter of support to the related party receivables.

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 rent 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 financial letter of support provided by Fine Properties, Inc.

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, 2023 and 2022 is equal to the carrying values of its financial assets.

As of December 31, 2023 and 2022, the credit quality per class of financial assets is as follows:

	2023					
	Neither Past Due nor Impaired					
	High Grade	**Standard**	**Substandard Grade**	**Past due but not Impaired**	**Impaired**	**Total**
Cash in banks	**₱156,790,228**	**₱–**	**₱–**	**₱–**	**₱–**	**₱156,790,228**
Short-term cash investments	**7,322,177**	–	–	–	–	**7,322,177**
Investment at FVTPL	**25,798,248**	–	–	–	–	**25,798,248**
Investment at FVOCI	**1,233,621,473**	–	–	–	–	**1,233,621,473**
Receivables from tenants and accrued rent receivable	**21,526,498,589**	–	–	**4,207,880,452**	**893,921,027**	**26,628,300,068**
Receivable from related parties[1]	**3,218,440,000**	–	–	–	–	**3,218,440,000**
Other receivables[2]	–	–	–	**75,332,001**	–	**75,332,001**
Restricted cash	**148,272,551**	–	–	–	–	**148,272,551**
Receivable from related parties	**3,160,157,971**			–	–	**3,160,157,971**
	₱29,476,901,237	**₱–**	**₱–**	**₱4,283,212,453**	**₱893,921,027**	**₱34,654,034,717**

[1]Net of other receivables which are nonfinancial assets amounting to ₱32,983,786.
[2]These pertain to assigned receivables to AVHC (see Note 9).

	2022					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash in banks	₱3,515,516,617	₱–	₱–	₱–	₱–	₱3,515,516,617
Short-term cash investments	7,392,888	–	–	–	–	7,392,888
Investment at FVTPL	25,461,603	–	–	–	–	25,461,603
Investment at FVOCI	1,241,143,555	–	–	–	–	1,241,143,555
Receivables from tenants and accrued rent receivable	15,086,372,631	–	–	5,611,940,792	679,547,684	21,377,861,107
Other receivables[1]	–	–	–	54,471,411	–	54,471,411
Restricted cash	147,869,377	–	–	–	–	147,869,377
Receivable from related parties	2,644,764,176			–	–	2,644,764,176
	₱22,668,520,847	₱–	₱–	₱5,666,412,203	₱679,547,684	₱29,014,480,734

The Company's basis in grading its receivables are as follow:

High-grade – pertain to receivables from related parties which based on experience are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. High-grade receivables from tenants and accrued rent receivable are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the security on receivables are readily enforceable).

Standard – pertain to active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard – pertain to receivables that can be collected provided the Group makes persistent effort to collect them.

The Group's investments at fair value through profit or loss and through other comprehensive income are considered by the Group to be of high quality.

Cash in banks, short-term cash investments and restricted cash are deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single group, resource-wide, of financial institutions in the country the Group is operating. They offer the widest variety of banking services among financial institutions. These financial assets are classified as high grade due to the counterparties' low probability of insolvency.

As of December 31, 2023 and 2022, the aging analyses of the Company's receivables are as follow:

	2023						
		Past due but not impaired					
	Current	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Impaired**	**Total**
Accrued rent receivable	**₱21,434,575,025**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱21,434,575,025**
Receivables from tenants	**91,923,564**	**127,425,484**	**2,605,311**	**822,026,207**	**3,255,823,450**	**893,921,027**	**5,193,725,043**
Receivables from related parties	**3,218,440,000**	**–**	**–**	**–**	**–**	**–**	**3,218,440,000**
Installment contracts receivables	**–**	**–**	**–**	**–**	**51,252,982**	**–**	**51,252,982**
Receivables from related parties	**–**	**–**	**–**	**–**	**3,160,157,971**	**–**	**3,160,157,971**

	2022						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Accrued rent receivable	₱14,381,711,261	₱–	₱–	₱–	₱–	₱–	₱14,381,711,261
Receivables from tenants	704,661,370	81,248,699	1,950,701	93,708,296	5,435,033,096	679,547,684	6,996,149,846
Installment contracts receivables	–	–	–	–	51,970,903	–	51,970,903
Receivables from related parties	–	–	–	–	2,644,764,176	–	2,644,764,176

Current receivables include billed lease receivables and accrued rent receivables which are not yet contractually collectible. Past due but not impaired include lease receivables which are aged 31 to over 90 days but collection is still probable. Impaired receivables are lease receivables from terminated tenants which are less likely to be collected.

The Group has collaterals in the form of security deposits and advance rent with respect to billed lease receivables that have been identified as past due but not impaired.

Applying the expected credit risk model resulted to recognition of impairment loss of ₱239.62 million in 2023 and ₱246.75 million in 2022.

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 2023 and 2022.

Maturity Profile of Financial Liabilities
The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022 based on undiscounted contractual payments, including interest payable.

	December 31, 2023				
	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱–	₱148,228,905	₱431,114,139	₱1,414,303,432	₱1,993,646,476
Lease liabilities	–	118,533,564	372,750,328	14,084,201,449	14,575,485,341
Accounts and other payables*	275,118	4,345,760,922	483,045,272	331,792,498	5,160,873,810
Payable to VLLI	30,109,086,289	–	–	–	30,109,086,289
	₱30,109,361,407	₱4,612,523,391	₱1,286,909,739	₱15,830,297,379	₱51,839,091,916

**Excluding deferred output VAT, other payables and including security deposit*

	December 31, 2022				
	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱–	₱157,106,541	₱460,347,072	₱2,073,109,332	₱2,690,562,945
Lease liabilities	–	111,983,605	350,062,911	14,300,804,059	14,762,850,575
Accounts and other payables*	303,675	4,591,384,495	490,516,624	575,677,112	5,657,881,906
Payable to VLLI	32,696,186,513	–	–	–	32,696,186,513
	₱32,696,490,188	₱4,860,474,641	₱1,300,926,607	₱16,949,590,503	₱55,807,481,939

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, 2023 and 2022 follow:

	2023	2022
Within one year	**₱5,252,910,199**	₱4,679,612,053
More than 1 year to 2 years	**5,808,667,808**	5,165,773,393
More than 2 years to 3 years	**6,164,817,297**	5,728,837,427
More than 3 years to 4 years	**6,367,408,093**	6,228,249,514
More than 4 years to 5 years	**6,885,619,810**	6,547,470,102
More than five years	**219,479,317,939**	227,512,601,428
	₱249,958,741,146	₱255,862,543,917

Rental income included in the consolidated statements of comprehensive income for the years ended December 31, 2023, 2022 and 2021 amounted to ₱12,673.46 million, ₱11,710.84 and ₱8,836.17 million, respectively.

Contingent rent included in rental income for the years ended December 31, 2023, 2022 and 2021 amounted to ₱1,240.61 million, ₱1,239.04 million, and ₱1,241.22 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, 2021 and beyond depending on the tenant's profile and credit. The rent concessions granted by the Group for the years ended December 31, 2022 and 2021 amounted to ₱30.97 million and ₱185.28 million, respectively.

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.

The following are the amounts recognized in consolidated statement of comprehensive income:

	2023	2022
Depreciation expense of right-of-use assets included in investment properties	**₱231,221,760**	₱230,973,881
Interest expense on lease liabilities	**506,740,223**	501,286,555
Expenses relating to short-term leases (included in operating expenses)	**7,417,205**	4,067,662
Total amount recognized in statement of comprehensive income	**₱745,379,188**	₱736,328,098

The rollforward analysis of lease liabilities follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	**₱6,717,143,796**	₱6,638,539,279
Additions and lease modification	**–**	–
Terminations	**–**	–
Interest expense (Note 18)	**506,740,223**	501,286,555
Payments	**(462,046,337)**	(422,682,038)
Balance at the end of the year	**6,761,837,682**	6,717,143,796
Less current portion	**491,283,892**	462,046,517
Noncurrent portion	**₱6,270,553,790**	₱6,255,097,279

The Group has no lease contract that contains variable payments. The Group's fixed payments amounted to ₱469.46 million and ₱426.75 million in 2023 and 2022, respectively.

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 (see Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

	December 31, 2023	December 31, 2022
Within 1 year	**₱491,283,892**	₱462,046,517
More than 1 year to 2 years	**522,846,101**	491,283,892
More than 2 years to 3 years	**548,711,098**	522,846,101
More than 3 years to 4 years	**587,978,925**	548,711,098
More than 4 years to 5 years	**622,938,612**	587,978,925
More than 5 years	**11,527,045,431**	12,149,984,043
	₱14,300,804,059	₱14,762,850,576

26. Notes to Consolidated Statements of Cash Flows

Details of the movement in cash flows from financing activities follow:

			Non-cash Change							
	January 1, 2023	**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)**	**Net loss from sale of secondary shares**	**December 31, 2023**
Payables to related parties	**₱32,696,186,513**	**(₱2,814,861,919)**	**₱–**	**₱–**	**₱–**	**₱–**	**₱227,761,695**	**₱–**	**₱–**	**₱30,109,086,289**
Dividends payable	**303,675**	**(26,864,584)**	**–**	**–**	**258,141,544**	**(3,515,265)**	**(227,761,695)**	**–**	**–**	**303,675**
Bank loans	**2,174,398,043**	**(462,500,000)**	**8,188,143**	**–**	**–**	**–**	**–**	**–**	**–**	**1,720,086,186**
Interest payable	**25,093,110**	**(127,010,040)**	**(8,188,143)**	**–**	**–**	**–**	**–**	**129,915,423**	**–**	**19,810,350**
Lease liabilities	**6,717,143,796**	**(462,046,337)**	**–**	**–**	**–**	**–**	**–**	**506,740,223**	**–**	**6,761,837,682**
Total liabilities from financing activities	**₱41,613,125,137**	**(₱3,893,282,880)**	**₱–**	**₱–**	**₱258,141,544**	**(₱3,515,265)**	**₱–**	**₱636,655,646**	**₱–**	**₱38,611,124,182**

			Non-cash Change							
	January 1, 2022	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)	Net loss from sale of secondary shares	December 31, 2022
Proceeds from sale of secondary shares of associate	₱–	₱2,788,503,657	₱–	₱–	₱–	₱–	₱–	₱–	(₱2,788,503,657)	₱–
Payables to related parties (Note 20)	31,039,458,580	1,466,331,918	–	–	–	–	₱190,396,015	–	–	₱32,696,186,513
Dividends payable	275,118	(22,373,519)	–	–	220,428,759	(3,299,917)	(194,726,766)	–	–	303,675
Bank loans (Note 14)	2,008,373,085	163,542,491	2,482,467	–	–	–	–	–	–	2,174,398,043
Interest payable (Note 12)	17,909,333	(120,691,795)	(2,482,467)	–	–	–	–	130,358,039	–	25,093,110
Lease liabilities (Note 25)	6,638,539,279	(422,682,038)	–	–	–	–	–	501,286,555	–	6,717,143,796
Total liabilities from financing activities	₱39,704,555,395	₱3,852,630,714	₱–	₱–	₱220,428,759	(₱3,299,917)	(₱4,330,751)	₱631,644,594	(₱2,788,503,657)	₱41,613,125,137

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 ₱0.34 million and ₱1.41 million in 2023 and 2022, respectively. Recognition of unrealized fair value loss of investment held at fair value through OCI amounting to ₱7.52 million and ₱1,414.15 million in 2023 and 2022, respectively.

b) Application of dividends against outstanding receivable from and payable to VLLI amounting ₱3.5 million and ₱3.30 million as of December 31, 2023 and 2022, respectively.

c) As at December 31, 2023 and 2022, unpaid investment properties amounted to ₱30,33 million and ₱696.71 million, respectively.

d) As at December 31, 2023 and 2022, unpaid property and equipment amounted to ₱3.80 million and ₱4.35 million, respectively.

e) Offsetting of accounts payable to contractor to the accounts receivable – tenants amounting to ₱1,109.04 million and ₱2,285.64 million in 2023 and 2022, respectively. (See Note 20)

f) Settlement of accounts receivable – tenants via dacion amounting to ₱ 1,886.64 million in 2023. (See Note 9)

27. Other Matters and Subsequent Events

New loan availment
In March 2024, the VLLI has signed a ₱2-billion loan deal with the Manila branch of Sumitomo Mitsui Banking Corp. to finance the property developer's capital expenditures. The loan will also be used for the VLLI Group's capital expenditures for property development, refinancing and to fund other general corporate purposes.

The Group acted as one of the guarantors of the VLLI on the above loan, and no fees are charged for this guarantee agreement.

Assignment of Receivables of Related Party Tenants and Subsequent Transfer of Land Properties
In relation to the assignment to AVHC, as the Assignee of the Assignors' rental payables to the Group as discussed in Note 9, AVHC, in the first quarter of 2024, subsequently transferred additional parcels of land to the Group valued at ₱874.48 million as a form of partial settlement of the assigned receivables as of December 31, 2023 (see Note 9). The remaining assigned receivables are expected to be settled by AVHC either through cash or land properties.

Establishment of $2-billion Medium-Term Note Program (MTNP)
In January 2024, VLLI's subsidiary VII International Inc. (VII) established a $2,000.00 million MTNP as part of VLLI Group's fundraising initiatives. VII tapped DBS Bank Ltd. And HSBC as dealers for the offer, sale, and issuance of the notes.

The Parent Company acted as one of the guarantors of VII on the above establishment of MTNP, and no fees are charged for this guarantee agreement.

28. Approval of the Financial Statements

The consolidated financial statements of the Group as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were authorized for issue by the BOD on April 15, 2024.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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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, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. 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 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
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082027, January 6, 2024, Makati City

April 15, 2024

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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, 2023and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. 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 basic 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, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082027, January 6, 2024, Makati City

April 15, 2024

VISTAMALLS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2023

Unappropriated Retained Earnings, beginning of reporting period		₱5,520,749,387
Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	258,141,543	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	258,141,543
Unappropriated Retained Earnings, as adjusted		5,262,607,844
Add/Less: Net Income (loss) for the current year		254,551,594
Less: <u>Category C.l</u>: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	336,645	
Unrealized fair value gain of Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		336,645
Add: <u>Category C.2</u>: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income/Loss		₱254,214,949
Add: <u>Category D</u>: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: <u>Category E</u>: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Others	–	
Sub-total		–
Total Retained Earnings, end of the reporting period available for dividend declaration		₱5,516,822,793

VISTAMALLS, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2023

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	₱156,790,228	₱156,790,228	₱987,990
Short-term cash investments	N/A	7,322,177	7,322,177	92,121
Accounts receivables from tenants and accrued rent receivable	N/A	26,628,300,068	26,628,300,068	3,699,593
Installment contracts receivables	N/A	51,456,724	51,456,724	–
Receivable from related parties	N/A	3,160,157,971	3,160,157,971	–
Investments in mutual funds	N/A	25,798,248	25,798,248	–
Investments in quoted equity shares (VLL)	N/A	1,233,621,473	1,233,621,473	–
Restricted cash	N/A	148,272,551	148,272,551	3,599,777
Total financial assets		₱31,411,719,440	₱31,411,719,440	₱8,379,481

See Note 7, 8, 9 and 11 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2023

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	₱26,579,251	₱104,997,809	(₱98,593,274)	₱–	₱32,983,786	₱–	₱32,983,786

See Note 9 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2023

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.	₱35,389,287,013	₱1,304,726,826	(₱1,473,477,317)	₱–	₱35,220,536,522	₱–	₱35,220,536,523
Manuela Corporation	7,771,350,084	3,493,883,139	(2,350,897,710)	–	8,914,335,513	–	8,914,335,513
Masterpiece Asia Properties, Inc.	(43,160,637,097)	(2,020,405,822)	1,046,170,884	–	(44,134,872,035)	–	(44,134,872,035)

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2023

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	₱500,000,000	₱62,500,000	₱171,875,000	6.23%	₱234,375,000	Quarterly interest and principal payment	June 2027
Bank loan 2	2,000,000,000	382,348,868	1,103,362,318	7.55%	1,485,711,186	Quarterly interest and principal payment	July 2022
	₱2,500,000,000	₱444,848,868	₱1,275,237,318		₱1,720,086,186		

See Note 14 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period
Payable to VLLI	₱32,696,186,513	₱30,109,086,289

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2023

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	₱12,367,408,489	₱ 12,367,408,489	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	10,997,850,537	10,997,850,537	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	19,298,781,112	19,298,781,112	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	9,918,487,330	9,918,487,330	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	4,643,223,361	4,643,223,361	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	11,402,862,634	11,402,862,634	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	2,810,510,039	2,810,510,039	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	3,788,122,722	3,788,122,722	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	8,572,565,554	8,572,565,554	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc	Bank loans	6,465,053,763	6,465,053,763	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,600,000,000	1,600,000,000	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	2,493,341,306	2,493,341,306	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,556,458,333	1,556,458,333	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,314,250,365	1,314,250,365	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	315,789,474	315,789,474	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	200,000,000	200,000,000	Guaranteed principal payments of the securities
		₱97,744,705,019	₱97,744,705,019	

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

DECEMBER 31, 2023

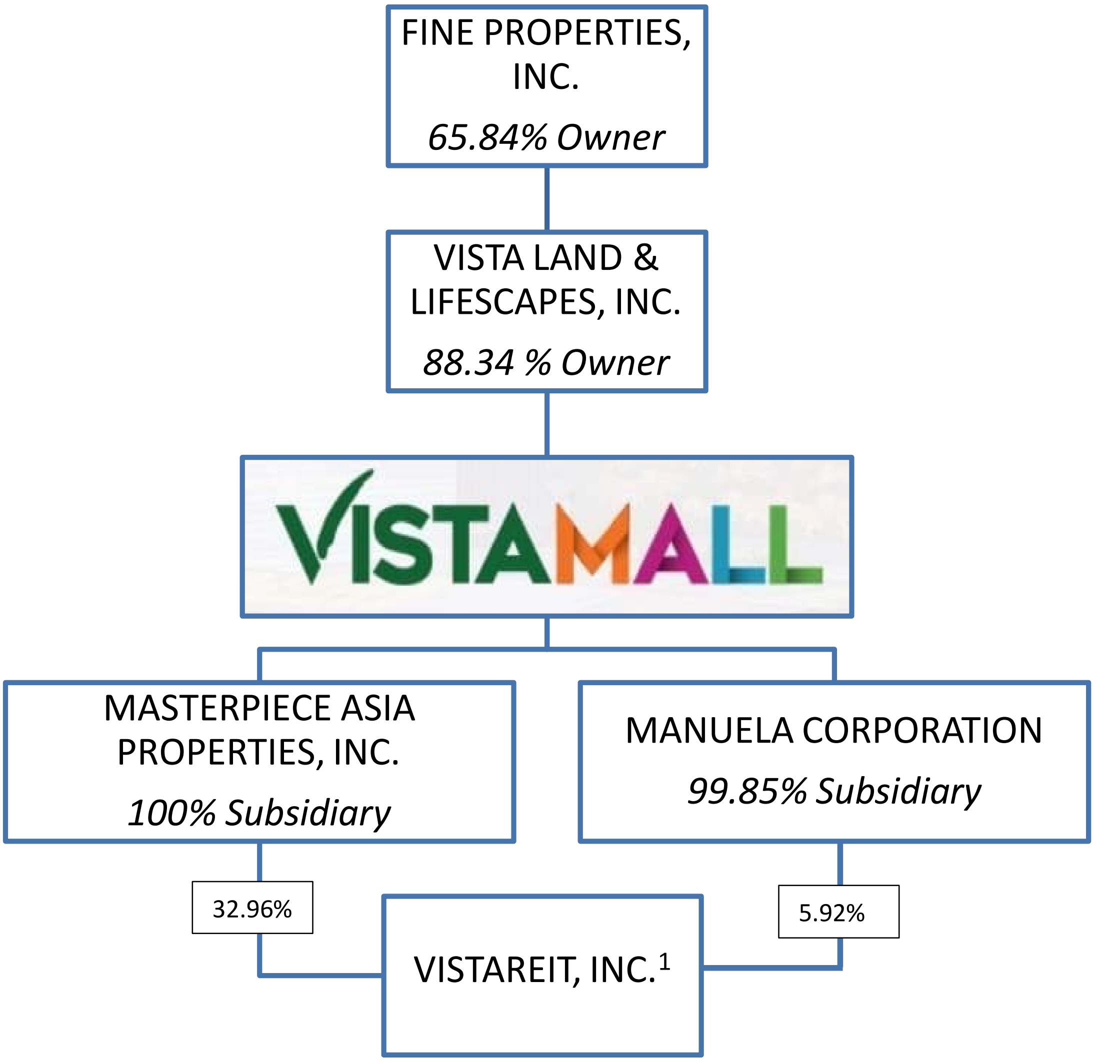
Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱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. 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, 2023.



[1] Communities Pampanga, Inc., Crown Asia Properties, Inc. and Vista Residences, Inc., wholly-owned subsidiaries of the Parent Company, own 4.86%, 3.49% and 17.40%, respectively. Remaining 35.29% are owned by the public and the remaining by individual shareholders.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTAMALLS, INC. AND SUBSIDIARIES
AS OF DECEMBER 31, 2023, 2022 AND 2021

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2023, 2022 and 2021

		2023	2022	2021
Current ratio	Current assets / Current liabilities	**0.43**	0.44	0.37
Acid test ratio	Quick asset[1] / Current liabilities	**0.42**	0.43	0.36
Solvency ratio	Net income + Depreciation / Total liabilities	**0.19**	0.18	0.12
Debt ratio	Interest bearing debt[2] / Total assets	**0.02**	0.02	0.02
Asset to equity ratio	Total assets / Total equity	**2.21**	2.5	2.70
Interest service coverage ratio	EBITDA / Total interest paid	**107.39**	105.93	34.41
Return on equity	Net income / Total equity	**0.19**	0.23	0.15
Return on assets	Net income / Average total assets	**0.09**	0.10	0.06
Net profit margin	Net income / Net revenue	**0.65**	0.69	0.48

[1]Includes Cash, Short-term investments, Investment at FVTPL, Current receivables, Receivable from related parties and Other current asset
[2]Includes current and noncurrent portion of Bank loans

Figures used in the computation	**December 31, 2023**	December 31, 2022
Current assets	**₱16,179,405,809**	₱17,629,763,727
Current liabilities	**37,523,951,776**	39,892,780,855
Quick asset[1]	**15,877,515,396**	17,327,542,828
Net income + Depreciation	**10,065,451,851**	9,853,116,811
Total liabilities	**54,398,870,608**	54,917,406,784
Interest bearing debt[2]	**1,720,086,186**	2,174,398,043
Total assets	**99,273,683,118**	91,519,422,664
Total equity	**44,874,812,510**	36,602,015,880
EBITDA	**13,639,471,312**	12,784,791,983
Total interest paid	**127,010,040**	120,691,795
Net income	**8,535,020,326**	8,366,845,622
Average total assets	**95,396,552,891**	86,096,144,098
Net revenue	**13,139,783,777**	12,142,521,760

COVER SHEET

C	S	0	0	0	0	3	9	5	8	7

S.E.C. Registration Number

V	I	S	T	A	M	A	L	L	S	,	I	N	C	.	(	F	O	R	M	E	R	L	Y	
S	T	A	R	M	A	L	L	S	,	I	N	C	.	)										

(Company's Full Name)

L	O	W	E	R		G	R	O	U	N	D		F	L	O	O	R	,								
B	U	I	L	D	I	N	G			B	,		E	V	I	A										
L	I	F	E	S	T	Y	L	E		C	E	N	T	E	R	,		V	I	S	T	A				
C	I	T	Y	,		D	A	A	N	G	H	A	R	I	,		A	L	M	A	N	Z	A		I	I
L	A	S		P	I	Ñ	A	S		C	I	T	Y													

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

Brian N. Edang
Contact Person

8571-5948
Company Telephone Number

1 2 / **3 1**
Month *Day*
Calendar Year

17-Q
FORM TYPE

0 6 / **2 7**
Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2024**

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

6. Industry Classification Code: ______ (SEC Use Only)

7. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** — **1747**
   Address of issuer's 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 Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding And amount of debt outstanding
Common stock (as of March 31, 2024)	**8,425,981,156 shares**
Preferred stock	**2,350,000,000 shares**

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

    Yes [x] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange_________ **Common shares**___________

12. Check whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

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VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2024 AND DECEMBER 31, 2023
(In Million Pesos)

	Unaudited 03/31/2024	Audited 2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**245**	157
Short-term cash investment (Note 8)	**7**	7
Investment at fair value through profit or loss (Note 8)	**26**	26
Receivables (Note 9)	**12,571**	9,343
Receivable from ultimate parent company	**3,045**	3,160
Real estate properties for sale	**302**	302
Other current assets (Note 11)	**3,262**	3,184
Total Current Assets	**19,458**	16,179
Noncurrent Assets		
Investments at fair value through other comprehensive income (Note 8)	**1,232**	1,234
Receivables - net of current portion (Note 9)	**23,267**	25,145
Property and equipment	**20**	24
Investment properties (Note 10)	**48,215**	46,626
Investment in associate (Note 8)	**10,019**	9,899
Other noncurrent assets (Note 11)	**149**	167
Total Noncurrent Assets	**82,902**	83,095
	102,360	99,274
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 12)	**6,053**	5,323
Security deposits and advance rent	**1,175**	1,155
Payable to parent company	**29,758**	30,109
Income tax payable	**2**	2
Current portion of:		
Bank loans (Note 13)	**116**	445
Lease liabilities	**508**	491
Total Current Liabilities	**37,612**	37,525
Noncurrent Liabilities		
Bank loans - net of current portion (Note 13)	**1,489**	1,275
Lease liabilities - net of current portion	**6,271**	6,271
Pension Liabilities	**54**	54
Deferred tax liabilities – net	**9,579**	8,889
Other non-current liabilities	**228**	386
Total Noncurrent Liabilities	**17,621**	16,875
Total Liabilities	**55,233**	54,400
EQUITY (Note 14)		
Equity attributable to parent company's shareholders		
Capital Stock	**8,449**	8,449
Additional paid-in capital	**6,389**	6,389
Retained earnings	**36,144**	33,892
Revaluation reserves	**-**	-
Other Comprehensive Income	**(4,016)**	(4,016)
Total equity attributable to parent company's shareholders	**46,966**	44,714
Non-controlling interest	**161**	160
Total Equity	**47,127**	44,874
	102,360	99,274

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Million Pesos)

	Unaudited Jan – Mar Q1 - 2024	**Unaudited Jan – Mar 2024**	Unaudited Jan – Mar Q1 - 2023	Unaudited Jan – Mar 2023
REVENUES				
Rental Income	**3,404**	**3,404**	2,567	2,567
Other Operating Income	**289**	**289**	81	81
	3,693	**3,693**	2,648	2,648
COSTS AND EXPENSES				
Depreciation and Amortization	**348**	**348**	370	370
Other operating and administrative (Note 15)	**343**	**343**	367	367
	691	**691**	737	737
OPERATING PROFIT	**3,002**	**3,002**	1,911	1,911
OTHER INCOME (CHARGES)				
Finance income	**2**	**2**	1	1
Finance costs – net	**(160)**	**(160)**	(167)	(167)
Gain from insurance proceeds (Note 10)	**-**	**-**	-	-
Equity in net earnings in associate	**120**	**120**	115	115
	(38)	**(38)**	(51)	(51)
INCOME BEFORE INCOME TAX	**2,964**	**2,964**	1,860	1,860
PROVISION FOR INCOME TAX	**(711)**	**(711)**	(436)	(436)
NET INCOME	**2,253**	**2,253**	1,424	1,424
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**2,252**	**2,252**	1,423	1,423
Non-controlling interest	**1**	**1**	1	1
	2,253	**2,253**	1,424	1,424
Weighted outstanding common shares	**8,426**	**8,426**	8,426	8,426
Basic / Diluted Earnings per share (Note 16)	**0.267**	**0.267**	0.169	0.169

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Million Pesos)

	Unaudited Jan – Mar Q1 – 2024	**Unaudited Jan – Mar 2024**	Unaudited Jan – Mar Q1 – 2023	Unaudited Jan – Mar 2023
NET INCOME	**2,253**	**2,253**	1,424	1,424
OTHER COMPREHENSIVE INCOME (LOSS)				
Fair value loss on investments at fair value through other comprehensive income	**2**	**2**	30	30
TOTAL COMPREHENSIVE INCOME	**2,255**	**2,255**	1,454	1,454
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**2,254**	**2,254**	1,453	1,453
Non-controlling interest	**1**	**1**	1	1
	2,255	**2,255**	1,454	1,454
Weighted outstanding common shares	**8,426**	**8,426**	8,426	8,426
Basic/Diluted Earnings per Share (Note 16)	**0.268**	**0.268**	0.172	0.172

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Million Pesos)

	Unaudited Jan – Mar 2024	Unaudited Jan – Mar 2023
EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS		
COMMON STOCK		
Balance at beginning of period	**8,426**	8,426
Treasury shares	**-**	-
Balance at end of period	**8,426**	8,426
PREFERRED STOCK		
Balance at beginning of period	**23**	23
Treasury shares	**-**	-
Balance at end of period	**23**	23
ADDITIONAL PAID-IN CAPITAL	**6,389**	6,389
Cost of additional life of Vistamalls	**-**	-
Balance at end of period	**6,389**	6,389
RETAINED EARNINGS		
Balance at beginning of period	**33,892**	25,617
Net income	**2,253**	1,424
Dividend declared	**-**	-
Minority interest	-	(1)
Balance at end of period	**31,589**	27,040
OTHER COMPREHENSIVE INCOME		
Balance at beginning of period	**(4,016)**	(4,012)
Fair value gains	**-**	30
Balance at end of period	**(4,016)**	(3,982)
REVALUATION RESERVES	**-**	-
MINORITY INTEREST		
Balance at beginning of period	**158**	158
Share in net income	**1**	1
MINORITY INTEREST	**159**	159
TOTAL EQUITY	**47,127**	38,353

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Million Pesos)

	Unaudited Jan – Mar Q1 – 2024	**Unaudited Jan – Mar 2024**	Unaudited Jan – Mar Q1 – 2023	Unaudited Jan – Mar 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**2,964**	**2,964**	1,860	1,860
Adjustments for:				
Depreciation and amortization	**348**	**348**	370	370
Finance costs	**160**	**160**	167	167
Provision for probable losses	-	-	-	-
Interest income	**(2)**	**(2)**	(1)	(1)
Share in equity earnings from investment in associate	**(120)**	**(120)**	(115)	(115)
Operating income before changes in operating assets and liabilities	**3,350**	**3,350**	2,281	2,281
Decrease (Increase) in:				
Receivables	**(1,350)**	**(1,350)**	3,000	3,000
Other current assets	**(78)**	**(78)**	(106)	(106)
Increase (Decrease) in:				
Accounts and other payables	**730**	**730**	(207)	(207)
Security deposits and advance rent	**20**	**20**	417	417
Pension liabilities			-	-
Cash from operations	**2,672**	**2,672**	5,385	5,385
Payment of taxes	**(21)**	**(21)**	(23)	(23)
Interest received	**2**	**2**	1	1
Interest paid	**(160)**	**(160)**	(167)	(167)
Net Cash provided by Operating Activities	**2,493**	**2,493**	5,196	5,196
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of AFS investments	**2**	**2**	-	-
Increase in investment properties and property and equipment	**(1,933)**	**(1,933)**	(4,077)	(4,077)
Increase in investment in associate			-	-
Decrease (Increase) in other non-current assets	**18**	**18**	3	3
Increase (Decrease) in other liabilities	**(158)**	**(158)**	705	705
Net Cash used in Investing Activities	**(2,071)**	**(2,071)**	(3,369)	(3,369)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase (Decrease) in payables to related parties – net	**(236)**	**(236)**	9	9
Payments of bank loans	**(115)**	**(115)**	(116)	(116)
Increase in lease liabilities	**17**	**17**	14	14
Decrease in short term cash investment	**-**	**-**	-	-
Increase in revaluation reserves	**-**	**-**	-	-
Net Cash used in Financing Activities	**(334)**	**(334)**	(93)	(93)
NET INCREASE IN CASH	**(88)**	**(88)**	1,734	1,734
CASH AT BEGINNING OF PERIOD	**157**	**157**	3,516	3,516
CASH AT END OF PERIOD	**245**	**245**	5,250	5,250

VISTAMALLS, INC. AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Philippine Pesos)

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.

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 65.17% owned by Fine Properties, Inc. (the Ultimate Parent Company), and 34.83% 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.

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.

Vista REIT
In contemplation of the Initial Public Offering of a REIT by VistaREIT, Inc. (formerly Vista One, Inc.) or "VREIT", a subsidiary owned by the Intermediate Parent Company at 98.94% as of March 31, 2024, and in compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, VREIT entered into and implemented the REIT Formation Transactions as follows:

On March 16, 2022, the BOD approved various amendments to the Articles of Incorporation and By- Laws of VREIT including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of VREIT as a REIT entity. Such amendments were approved by the SEC on April 18, 2022.

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

On May 12, 2022, The Philippine Stock Exchange, Inc. ("PSE") issued its Notice of Approval, subject to compliance with certain conditions. VREIT filed on March 28, 2022, the Listing Application for the listing and trading of the issued and outstanding Shares of the Company and the Offer Shares.

On June 15, 2022, the Company was listed as a REIT company under the Main Board of the PSE, and the Secondary Offer Shares of 2,500,000,000 common shares held by the Sponsors were sold to the public at a price of P1.75 per share.

2. BASIS OF PREPARATION

The accompanying 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 March 31, 2024, and December 31, 2023, and for each of the three months in the period ended March 31, 2024, and 2023.

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 non-controlling 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	
	31-Mar-24	31-Dec-23
Manuela Corporation	**99.85%**	99.85%
Masterpiece Asia Properties, Inc.	**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.

Non-controlling 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 of March 31, 2024, and December 31, 2023, 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

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

The amendments to the Practice Statement provide non-mandatory guidance.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

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

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

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

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

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

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

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

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

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The 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, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

<u>Short-term Cash Investments</u>
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.

<u>Financial Instruments</u>
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.

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).

<u>Impairment of Financial Assets</u>
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.

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

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

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

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

For cash in banks, short-term cash investments, and restricted cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the 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 the external credit rating agencies to determine whether the instrument has significantly increased in credit risk and to estimate ECLs.

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

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

The 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.

Derecognition of Financial Assets and Financial Liabilities
Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized when, and only when: (a) the right to receive cash flows from the assets expires; (b) the 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.

Real Estate Properties for Sale
Real estate inventories consist of subdivision land and residential houses and lots for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land and residential houses and lots; and
- Planning and design costs, cost of site preparation, professional fees, property transfer taxes, construction materials, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of real estate inventories is reduced through the use of an allowance account and the amount of loss is charged to profit or loss.

The cost of real estate inventory recognized in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

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.

Creditable Withholding Tax

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

Prepaid Expenses

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

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.

Investment in Associate

Investment in associates are accounted for under the equity method of accounting.

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or in joint control over those policies.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of comprehensive income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Unless otherwise, additional losses are not recognized when the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

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 and capitalized borrowing cost. Investment properties also include right-of-use assets primarily involving land where commercial buildings are located.

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	3 to 30 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.

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.

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.

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 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.

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

For the electricity and water usage, the 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 and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

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

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the 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 specified services before transferring them to the customer. 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.

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

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

Pension Cost
Defined benefit plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit (PUC) method.

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

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 of those borrowings.

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.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.

Leases

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

Group as Lessee

The Group applies a single recognition and measurement approach for all leases, except short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease Liabilities

At the commencement date of the lease, the 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.

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

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

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

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

<u>Basic and Diluted Earnings Per Share (EPS)</u>
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 March 31, 2024 and December 31, 2023, the Group has no potential dilutive common shares.

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 JUDGEMENTS 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:

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).

Determining taxable profit, tax bases, unused tax losses, unused tax credits and tax rates
Upon adoption of the Philippine Interpretation IFRIC-23, Uncertainty over Income Tax Treatments, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined based on its assessment, in consultation with its tax counsel, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

Evaluation of significant influence
The Group determines that it exercises significant influence over its associate by considering, among others, representation in the Board of Directors (BOD) and participation on BOD sub-committees, and other contractual terms.

The Group has 38.88% ownership interest in VREIT as of December 31, 2023. The Group has assessed that it has significant influence over VREIT.

The Sponsors, as consented by VLLI, collectively agree on the following:

- Full cooperation with each other in respect of any matter concerning VREIT. For this purpose, the Sponsors shall consult and confer with each other before exercising their respective shareholders rights and implementing any decision or action relating to or affecting the business, governance, and operations of VREIT;
- Voting jointly on any corporate decision or action of VREIT requiring shareholders' consideration and approval under applicable laws; and,
- Conferring with each other and agree on any election of directors in VREIT.

In reference to the by-laws of VREIT, the corporate powers of the BOD include, among others, the participation in the policy-making process on relevant activities, including participation in decisions about dividends or other distributions.

Based on the above indicators, the Group accounted for its investment in VREIT as an investment in associate.

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

Receivables:

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

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.

Incorporation of forward-looking information

The Group incorporates forward-looking information 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.

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.

Evaluation of impairment of nonfinancial assets
The Group reviews investment properties, investment in associate 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.

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. For investment in associate, this requires an estimation of the recoverable amount which is the higher of fair value less costs to sell or value-in-use. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows for the cash generating unit (i.e., consideration of the current lease data and rental projections which was based on the current lease contract rates and other terms) and also to choose a suitable discount rate in order to calculate the present value of cash flows.

As of March 31, 2024, the market value of VREIT shares was lower than the book value which is an indication of impairment. Accordingly, the Group performed full impairment testing of its investment in associate.

Determining the fair value of investment properties
The Group's investment properties consist of land and buildings (malls and office buildings) and other building improvements held for leasing and land held for capital appreciation. For land and buildings and building improvements held for leasing, the fair values were determined by external appraisers using discounted cash flow method or income approach. For land held for capital appreciation, the fair values were determined by management using market value approach which is based on comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The fair value of the investment properties assigned by the Sponsors to VREIT was used as measurement basis in the recognition of 'Investment in associate', which pertains to the shares issued by VREIT to MAPI and MC. Significant inputs used in the determination of the fair values were discussed in Note 10.

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.

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 March 31, 2024 and 2023. These were not treated as a separate segment by the chief operating decision maker for its review, evaluation and allocation of resources.

There is no cyclicality in the Group's operations.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of March 31, 2024:

Cash on hand and in banks	**₱ 245**

Cash in banks earns interest at the prevailing bank deposit rates. Interest rate ranges from 0.06% to 0.40%.

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:

Philippine Peso	**3.00% to 3.25%**

As of March 31, 2024, short-term cash investments amounted to ₱7.32 million.

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

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.

Investments at FVTPL	**₱ 26**
Investments at FVOCI	**1,232**
	₱ 1,258

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

VistaREIT, Inc. was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 24, 2020, primarily to own, manage, operate and engage in the leasing of income-generating real properties such as office buildings, shopping centers, hotels, resorts, residential buildings, condominium buildings, among others and to hold for investment or otherwise, real estate of all kinds, including buildings, apartments and other structures, and to grant loans and/or assume or undertake or guarantee or secure, whether as solidary obligor, surety, guarantor or any other capacity either on its general credit or on the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, the whole or any part of the liabilities and obligations of its parent company, subsidiaries or investee companies or affiliates, without engaging in the business of a financing company or lending investor.

VREIT's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona Dos, Las Piñas City.

Below is the financial information on VREIT as of March 31, 2024:

Current assets	₱ 2,364.72
Noncurrent assets	26,653.23
Current liabilities	936.86
Noncurrent liabilities	268.70
Revenue	560.53
Net income	309.92
Total comprehensive income	309.92

9. RECEIVABLES

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

Accounts receivable from tenants	**₱ 7,975**
Advances to contractors	**5,399**
Accrued rent receivable	**21,382**
Receivables from related parties	**1,887**
Other receivables	**89**
	36,732
Less allowance for impairment losses	**(894)**
	35,838
Less noncurrent portion	**(23,267)**
	₱ 35,838

All of the Group's trade and other receivables have been reviewed for indications of impairment.

Accounts receivables from tenants
Accounts receivables from tenants represent the outstanding receivables arising from the lease of commercial centers relating to the 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.

10. INVESTMENT PROPERTIES

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

The Group's investment property generates rental income under various operating lease agreements. Rental income from the investment property amounting to ₱3,404 million and ₱2,567 million for the period ended March 31, 2024 and 2023, respectively, are presented as Rental income under Revenues and Income in the consolidated statements of comprehensive income.

The composition of this account is shown below.

Land	**₱ 18,354**
Building and improvements	**21,389**
Construction In Progress	**3,356**
Right-of-use assets	**5,117**
	₱ 48,215

The parcels of land are located in cities and municipalities like Mandaluyong, Las Piñas, Taguig, Naga, Bacoor, Imus, San Jose del Monte, Sta. Rosa, Muntinlupa and Kawit. 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 ₱370.56 million and ₱5,575.57 million are used to secure the bank loans of the Group as of March 31, 2024 and December 31, 2023, respectively.

Amortization expense related to right-of- use asset amounted to ₱57.34 million and ₱231.22 million for the period ended March 31, 2024 and December 31, 2023, respectively. Right-of-use asset is amortized over a period of 3 to 30 years.

11. OTHER ASSETS

This account is composed of the following as of March 31, 2024:

Input VAT	**₱ 3,044**
Restricted cash	**148**
Refundable deposits	**160**
Prepaid expenses	**40**
Creditable Withholding Tax	**5**
Others	**13**
	3,411
Less noncurrent portion	
Restricted cash	**(148)**
Refundable deposits	**(160)**
	(308)
Current portion	**₱3,102**

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

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.

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.

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

Others include accrued interest receivable, penalties receivable from tenants due to late payments, security deposits, advance rentals and office supplies.

12. ACCOUNTS AND OTHER PAYABLES

This account consists of:

Accounts payable	
Contractors	**₱ 3,100**
Supplier	**349**
Deferred output vat	**1,120**
Accrued expenses	**310**
Current portion of liabilities for purchased land	**300**
Current portion of retention payable	**517**
Others	**356**
	₱ 6,053

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
Accrued expenses represent the accrual for security, building maintenance and janitorial services, salaries and employee benefits, professional fees, interest on interest-bearing loans and borrowings and other administrative expenses as well as marketing and advertising expenses, which are expected to be settled within 12 months after the end of the reporting period.

Current portion of 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.

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

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

13. BANK LOANS

The breakdown of this account is as follows:

Bank loans – Current	**₱ 116**
Bank loans – Non-current	**1,489**
	₱ 1,605

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 Group has complied with the covenants required by the bank loans as of March 31, 2024 and December 31, 2023. The compliance of MAPI and MC to the covenants of their respective bank loans are based on their standalone financial statement balances.

14. EQUITY

Capital Stock
The details of the Parent Company's capital stock as of March 31, 2024 follow:

Preferred	
Authorized shares	10,000,000,000
Par value per share	₱ 0.01
Issued and outstanding shares	2,350,000,000
Value of shares issued	₱23,500,000
Common	

Authorized shares	16,900,000,000
Par value per share	₱ 1.00
Issued and outstanding shares	8,425,981,156
Value of shares issued	₱ 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 of March 31, 2024:

	Number of Shares Registered	**Number of holders of securities as of March 31, 2024**
December 31, 2022	8,425,981,156	432
Add/(Deduct) Movement	-	(1)
December 31, 2023	8,425,981,156	431
Add/(Deduct) Movement	-	-
March 31, 2024	**8,425,981,156**	**431**

Retained Earnings

The BOD of the Parent Company approved the declaration of regular cash dividend amounting to ₱258.14 million or ₱0.0306 per share and ₱220.43 million or ₱0.0262 per share on September 28, 2023 and September 30, 2022, respectively. The dividend declarations are in favor of all stockholders of record as of October 13, 2023 and October 14, 2022, ₱257.87 million and ₱220.40 million of which were paid on October 27, 2023 and October 27, 2022, respectively. The remaining unpaid dividends are lodged under "Payable to VLLI" account.

As at March 31, 2024, unpaid dividends amounted to ₱0.28 million.

15. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

This account consists of:

Occupancy expenses	**₱ 84**
Taxes and licenses	**68**
Salaries and employee benefits	**67**
Outside services	**62**
Repairs and maintenance	**27**
Advertising and promotions	**1**
Others	**34**
	₱ 343

16. EARNINGS PER SHARE

Earnings per share were computed as follows:

Net Profit attributable to parent company's shareholders	**₱ 2,252**
Divided by weighted outstanding common Shares	**8,426**
	₱ 0.267

Total comprehensive income attributable to parent company's shareholders	**₱ 2,254**
Divided by weighted outstanding common Shares	**8,426**
	₱ 0.268

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

Financial Soundness Indicator

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

	Formula	31-Mar-24	31-Dec-23
Current Ratio	Current assets / Current liabilities	0.52	0.43
Long-term debt-to-equity ratio	Long-term debt[1] / Equity	0.03	0.03
Debt ratio	Interest bearing debt[2] / Total assets	0.03	0.04
Debt to equity ratio	Interest bearing debt / Total equity	0.03	0.04
Net debt to equity	Net debt[3] / Total equity	0.03	0.03
Asset to equity ratio	Total assets / Total equity	2.17	2.21

	Formula	31-Mar-24	31-Mar-23
EBITDA to total interest	EBITDA / Total interest	21.70	14.35
Price Earnings Ratio	Market Capitalization[4] / Net Income[5]	2.37	4.14
Asset to liability ratio	Total assets / Total liabilities	1.85	1.68
Net profit margin	Net profit / Sales	0.61	0.54
Return on assets	Net income[5] / Total assets	8.8%	6.0%
Return on equity	Net income[5] / Total equity	19.1%	15.0%
Interest Service Coverage Ratio	EBITDA / Total interest	21.70	14.35

[1] Pertains to long term portion of the Bank loans

[2] Includes Bank loans

[3] Bank loans less Cash, Short-term and Long Term Cash Investments, Investments at fair value through profit/loss and other comprehensive income

[4] Based on closing price at March 31, 2024 and 2023

[5] Annualized

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering three months ended March 31, 2024 vs. three months ended March 31, 2023

Revenues

Rental income increased by 33% from ₱2,567 million in the three months ended March 31, 2023 to ₱3,404 million in the period ended March 31, 2024. The increase was primarily attributable to higher occupancy and the increase in rates for the period including the upside from the higher sales of variable rental-based tenants.

Other operating income increased by 257% from ₱81 million in the three months ended March 31, 2023 to ₱289 million in the period ended March 31, 2024 due to the increase in other operating income generated from the commercial assets.

Cost and Expenses

Cost and expenses decreased by 6% to ₱691 million for the three months ended March 31, 2024 from ₱737 million for the three months ended March 31, 2023.

- Depreciation decreased by 6% from ₱367 million in the three months ended March 31, 2023 to ₱343 million for the period ended March 31, 2024 due to the transfer of some investment properties to VREIT.

- Operating expenses decreased by 7% from ₱367 million in the three months ended March 31, 2023, to ₱343 million in the period ended March 31, 2024. The decrease was primarily due to the decrease in repairs and maintenance, outside services, professional fees and other operating expenses.

Other Income (Charges)

Finance income increased by 100% from ₱1 million in the three months ended March 31, 2023 to ₱2 million in the period ended March 31, 2024 due to higher interest earned from cash in banks and receivables of the company for the period.

Finance costs decreased by 4% from ₱167 million in the period ended March 31, 2023 to ₱160 million in the period ended March 31, 2024. The decrease was due to the interest pertaining to the lease liabilities recognized.

Equity in net earnings of an associate registered at ₱120 million for ended March 31, 2024. The increase was due to the share on the higher earnings of VREIT.

Provision for Income Tax

Provision for tax increased by 63% from ₱436 million in the period ended March 31, 2023 to ₱711 million in the period ended March 31, 2024 due to the higher taxable income in the 3-months of 2024.

Net Income

As a result of the foregoing, the Group's net income increased by 58% from ₱1,424 million in the three months ended March 31, 2023 to ₱2,253 million in the three months ended March 31, 2024.

For the three months ended, 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.

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

Financial Condition as of March 31, 2024 vs. December 31, 2023

Total assets were ₱102,360 million as of March 31, 2024 and ₱99,274 million as of December 31, 2022. The 3% increase is due to the following:

- Cash and cash equivalents increased by 56% from ₱157 million as of December 31, 2023 to ₱245 million as March 31, 2024 due to the increase in cash flow from operations.

- Receivables, including non-current portion increased by 4% from ₱34,488 million as of December 31, 2023 to ₱35,838 million as of March 31, 2024 mainly due to the increase in receivables from tenants.

- Property and equipment decreased by 17% from ₱24 million as of December 31, 2023 to ₱20 million as of March 31, 2024 due to depreciation.

- Investment properties increased by 3% from ₱46,626 million as of December 31, 2023 to ₱48,215 million as of March 31, 2024 primarily due to the additions of land, buildings and improvements of investment properties for the period.

- Other assets, including non-current portion increased by 2% from ₱3,351 million as of December 31, 2023 to ₱3,411 million as of March 31, 2024 mainly due to the increase in input vat and prepaid expenses.

Total Liabilities as of March 31, 2024 registered at ₱55,233 million, slightly increased by 2% compared to ₱54,400 million as of December 31, 2023.

- Accounts and other payables increased by 14% from ₱5,323 million as of December 31, 2023 to ₱6,053 million as of March 31, 2024 due to the increase in deferred output vat and accrued expenses.

- Security deposits and advance rent increased by 2% from ₱1,155 million as of December 31, 2023 to ₱1,175 million as of March 31, 2024 due to additional deposits from new lessees for malls and offices as well as top up of security deposits and advance rent based on escalation.

- Bank loans including non-current portion, decreased by 7% from ₱1,720 million as of December 31, 2023 to ₱1,605 million as of March 31, 2024 due to settlements for the period.

- Deferred tax liabilities - net increased by 8% from ₱8,889 million as of December 31, 2023 to ₱9,579 million as of March 31, 2024 due to additional temporary differences for the period.

- Other noncurrent liabilities decreased by 41% from ₱386 million as of December 31, 2023 to ₱228 million as of March 31, 2024 due to the decrease in the non-current portion of payables to contractors and retention payable.

Total stockholder's equity increased by 5% from ₱44,874 million as of December 31, 2023 to ₱47,127 million as of March 31, 2024 due to higher income recorded for the period.

Top Five (5) Key Performance Indicators

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

Key Performance Indicators	03/31/2024	12/31/2023
Current ratio [a]	0.52	0.43
Debt-to-equity ratio [b]	0.03	0.04
	03/31/2024	**03/31/2023**
Interest coverage ratio [c]	21.70	14.35
EBITDA margin [d]	94%	96%
Return on equity [e]	19%	19%

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) Debt-to-equity ratio: This ratio is obtained by dividing the Company's Total Interest-bearing Debt 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 interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably.

(d) Earnings before interest, income taxes, depreciation and amortization (EBITDA) margin: This ratio is obtained by dividing the Company's Earnings before interest, income taxes, depreciation and amortization by the total revenue. This measures the Company's operating profitability.

(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 March 31, 2024 increased from December 31, 2022 due to the increase in current assets.

Debt to equity ratio as of March 31, 2024 decreased from that of December 31, 2023 due to settlement of debt for the period.

Interest coverage for the period ended March 31, 2024 increased because of the increase in EBITDA.

EBITDA margin improved for the period ended March 31, 2024 from the prior period due to higher income for the period.

Return on equity remains the same.

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

Cash and cash equivalents increased by 56% from ₱157 million as of December 31, 2023 to ₱245 million as March 31, 2024 due to the increase in cash flow from operations.

Property and equipment decreased by 17% from ₱24 million as of December 31, 2023 to ₱20 million as of March 31, 2024 due to depreciation.

Accounts and other payables increased by 14% from ₱5,323 million as of December 31, 2023 to ₱6,053 million as of March 31, 2024 due to the increase in deferred output vat and accrued expenses.

Bank loans including non-current portion, decreased by 7% from ₱1,720 million as of December 31, 2023 to ₱1,605 million as of March 31, 2024 due to settlements for the period.

Deferred tax liabilities - net increased by 8% from ₱8,889 million as of December 31, 2023 to ₱9,579 million as of March 31, 2024 due to additional temporary differences for the period.

Other noncurrent liabilities decreased by 41% from ₱386 million as of December 31, 2023 to ₱228 million as of March 31, 2024 due to the decrease in the non-current portion of payables to contractors and retention payable.

Material Changes to the Company's Statement of Comprehensive Income for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 (increase/decrease of 5% or more)

Rental income increased by 33% from ₱2,567 million in the three months ended March 31, 2023 to ₱3,404 million in the period ended March 31, 2024. The increase was primarily attributable to higher occupancy and the increase in rates for the period including the upside from the higher sales of variable rental-based tenants.

Other operating income increased by 257% from ₱81 million in the three months ended March 31, 2023 to ₱289 million in the period ended March 31, 2024 due to the increase in other operating income generated from the commercial assets.

Depreciation decreased by 7% from ₱367 million in the three months ended March 31, 2023 to ₱343 million for the period ended March 31, 2024 due to the transfer of some investment properties to VREIT.

Operating expenses decreased by 7% from ₱367 million in the three months ended March 31, 2023, to ₱343 million in the period ended March 31, 2024. The decrease was primarily due to the decrease in repairs and maintenance, outside services, professional fees and other operating expenses.

Finance income increased by 100% from ₱1 million in the three months ended March 31, 2023 to ₱2 million in the period ended March 31, 2024 due to higher interest earned from cash in banks and receivables of the company for the period.

Finance costs decreased by 4% from ₱167 million in the period ended March 31, 2023 to ₱160 million in the period ended March 31, 2024. The decrease was due to the interest pertaining to the lease liabilities recognized.

Equity in net earnings of an associate registered at ₱120 million for ended March 31, 2024. The increase was due to the share on the higher earnings of VREIT.

Provision for tax increased by 63% from ₱436 million in the period ended March 31, 2023 to ₱711 million in the period ended March 31, 2024 due to the higher taxable income in the 3-months of 2024.
The Group's net income increased by 58% from ₱1,424 million in the three months ended March 31, 2023 to ₱2,253 million in the nine months ended March 31, 2024.

For the three months ended, 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.

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

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

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 Parent Company's subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for its entire real estate project.

The Company is contingently liable with respect to certain lawsuits and other claims which are being contested by the subsidiaries and their legal counsels. Management and their legal counsels believe that the final resolution of these claims will not have a material effect on the consolidated financial statements.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company sourced its capital requirements through a mix of internally generated cash, sale of liquid assets like installment contracts receivables, pre-selling and joint venture undertakings. The Company does not expect any material cash requirements beyond the normal course of the business. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation except for those items disclosed in the 3-months of 2024 Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 3-months of 2024 Financial Statements.

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

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

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

PART II - OTHER INFORMATION

Item 3. 3-months of 2024 Developments

A. New Projects or Investments in another line of business or corporation.

None.

B. Composition of Board of Directors

Manuel B. Villar Jr.	Chairman of the Board
Manuel Paolo A. Villar	Director and President
Cynthia J. Javarez	Director and Treasurer
Camille A. Villar	Director
Achawin Asavabhokhin	Director
Cherrylyn P. Caoile	Independent Director
Marilou O. Adea	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

₱0.0306 per share Regular Cash Dividend
Declaration Date: September 28, 2023
Record date: October 13, 2023
Payment date: October 27, 2023

₱0.0262 per share Regular Cash Dividend
Declaration Date: September 30, 2022
Record date: October 14, 2022
Payment date: October 27, 2022

₱0.0161 per share Regular Cash Dividend
Declaration Date: September 30, 2021
Record date: October 15, 2021
Payment date: October 28, 2021

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None.

F. Offering of rights, granting of Stock Options and corresponding plans therefore.

None.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

None.

H. Other information, material events or happenings that may have affected or may affect market price of security.

None

I. Transferring of assets, except in normal course of business.

None.

<u>Item 4. Other Notes as of the 3-months of 2024 Operations and Financials.</u>

A. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

None.

B. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

C. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

D. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

See Notes to Financial Statements and Management Discussion and Analysis.

E. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

None.

F. Changes in contingent liabilities or contingent assets since the last annual balance sheet date.

None.

G. Existence of material contingencies and other material events or transactions during the interim period.

None.

H. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

I. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

J. Material commitments for capital expenditures, general purpose and expected sources of funds.

The movement of capital expenditures being contracted arose from the regular land development, commercial building construction and requirements which are well within the regular cash flow budget coming from internally generated funds.

K. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of March 31, 2024, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the first three months of 2024 financial statements.

L. Significant elements of income or loss that did not arise from continuing operations.

None.

M. Causes for any material change/s from period to period in one or more-line items of the financial statements

None.

N. Seasonal aspects that had material effect on the financial condition or results of operations

None.

O. Disclosures not made under SEC Form 17-C.

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

VISTAMALLS, INC.
Issuer

By:

BRIAN N. EDANG
Chief Financial Officer

Date: May 20, 2024