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 Definitive Information Statement
FORM TYPE

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

VISTAMALL

CERTIFICATION

VISTAMALLS, INC. (the "Company") hereby certifies that except for Ms. Camille A. Villar, none of the directors and officers of the Company named in the Information Statement for the Annual Meeting of its shareholders for the year 2022 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 MAY 3 0 2022.

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 **U12 Verde de Pasadena Townhomes, 209 Pasadena Drive, San Juan City, Metro Manila**, 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

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

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

6. 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 2 3 2022 at MANDALUYONG CITY.

CHERRYLYN P. CAOILE
Affiant

SUBSCRIBED AND SWORN to before me this MAY 2 3 2022 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her SSS ID 33-6280876-9.

Doc. No. 303
Page No. 62
Book No. XX
Series of 2022.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 57146
IBP Lifetime Member No. 018537
PTR No. 487 [illegible] / Mandaluyong City
MCLE Compliance No. [illegible] dated 11 April 2019
Notarial Commission Appointment No. 0388-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Raul Juan N. Esteban**, Filipino, of legal age and a resident of **223B Alexandra Condominium, 29 Meralco Avenue, Ortigas Center, Pasig City**, 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 June 30, 2014.

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

Company/ Organization	Position/ Relationship	Period of Service
Philippine Survey and Research Center	Managing Director	1989-Present
AllDay Marts, Inc.	Independent Director	2021-Present
VistaREIT, Inc.	Independent Director	2022-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. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

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

6. 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 2 3 2022 at MANDALUYONG CITY.

RAUL JUAN N. ESTEBAN
Affiant

SUBSCRIBED AND SWORN to before me this MAY 2 3 2022 at MANDALUYONG CITY affiant personally appeared before me and exhibited to me his TIN 133-076-677.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 57146
IBP Lifetime Member No. 018557
PTR No. 4871170 / 03 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-0026341 issued dated 11 April 2019
Notarial Commission Appointment No. 0388-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Doc. No. 302
Page No. 62
Book No. XX
Series of 2022.

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 2022 will be held online on **June 27, 2022**, **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://www.starmalls.com.ph/asm/.

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 28, 2021
4. Presentation of the President's Report, Management Report and Audited Financial Statements for the year 2021
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 2022
7. Appointment of External Auditors
8. Adjournment

Minutes of the 2021 Annual Meeting of Stockholders is available at the website of the Company (http://documents.starmalls.com.ph).

The Board of Directors has fixed the close of 24 May 2022 as the record date for the determination of stockholders entitled to notice of, and to vote at, said Annual Stockholders' Meeting.

In light of the current circumstances, and to ensure the safety and welfare 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 at https://www.starmalls.com.ph/asm/ on or before June 17, 2022. 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 17, 2022 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://www.starmalls.com.ph/asm (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 Company's website for the 2021 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 28, 2021**

The minutes of the last Annual Meeting of Stockholders held on June 28, 2021 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 2021 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, 2021</u>**

The audited financial statements ("AFS") of the Company as of and for the year ended December 31, 2021 (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 2021 (which will include highlights from the AFS) and the outlook for 2022.

The Board and Management of the Company believe it 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 2022</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 2022.

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 17 June 2022. 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 27 June 2022 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 28, 2021

   ☐ Yes ☐ No ☐ Abstain

2. Noting of the President's Report and Management Report and Approval of the Audited Financial Statements for the year 2021

   ☐ 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 2022

Name	No. of votes
Manuel B. Villar Jr.	__________
Manuel Paolo A. Villar	__________
Cynthia J. Javarez	__________
Camille A. Villar	__________
Adisorn Thananun-Narapool	__________
Cherrylyn P. Caoile	__________
Raul Juan N. Esteban	__________

5. Re-appointment of SGV & Company 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 17 June 2022, 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
   27 June 2022, 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
   June 06, 2022

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
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 27, 2022
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 June 06, 2022 at the Company's website, https://documents.starmalls.com.ph.

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.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

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

Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding as of 30 April 2022

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

(b) Record Date: 24 May 2022

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, 2022:

Class	Filipino		Foreign		Total Shares Outstanding
	Shares	Percent of Class	Shares	Percent of Class	
Common	7,614,239,229	90.37%	811,741,927	9.63%	8,425,981,156
Preferred	2,350,000,000	100.00%	-	-	2,350,000,000
Total	**9,964,239,229**		**811,741,927**		**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, 2022:

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, 2022.
[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. Adisorn Thananun-Narapool 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 Vistamalls, Inc.

Security ownership of management as of April 30, 2022:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Manuel B. Villar Jr.[5] C. Masibay Street, BF Resort Village, Las Piñas City	1,000 - Direct	Filipino	.00001%
Preferred Shares	Manuel B. Villar Jr.[5] C. Masibay Street, BF Resort Village, Las Piñas City	2,350,000,000 - Indirect	Filipino	21.80776%
Common Shares	Manuel Paolo A. Villar[6] C. Masibay Street, BF Resort Village, Las Piñas City	1,000 - Direct	Filipino	.00001%
Common Shares	Cynthia J. Javarez B3A/L2 Vetta di Citta Italia Imus, Cavite	1,000 - Direct	Filipino	.00001%
Common Shares	Camille A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 - Indirect	Filipino	.00001%
Common Shares	Adisorn Thananun-Narapool 1 Q. House, Lumpini 38th Floor, South Saturn Road, Silom, Bangkok, Thailand	1,000 - Indirect	Thai	.00001%
Common Shares	Cherrylyn P. Caoile U12 Verde de Pasadena Townhomes, 209 Pasadena Drive, San Juan City	1,000 - Indirect	Filipino	.00001%
Common Shares	Raul Juan N. Esteban 223B Alexandra Condo. 29 Meralco Avenue, Ortigas Center, Pasig City	1,000 – Indirect	Filipino	.00001%
-	Brian N. Edang B11 L16 Pacita 2, San Pedro, Laguna	-	Filipino	-
-	Ma. Nalen SJ. Rosero Block 5 Lot 2A New Victorianne Row La Posada Subdivision, Sucat, Muntinlupa City	-	Filipino	-
-	Jo Marie Lazaro-Lim Block 3 Lot 13 Maia Alta Courtyards Subdivision, Antipolo City	-	Filipino	-
-	Melissa Camille Z. Domingo 62A Labo St., Sta. Mesa Heights, Brgy. San Isidro Labrador, Quezon City	-	Filipino	-

[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*

-	Rowena B. Bandigan B3 L6 P2 Dolmar Golden Hills Subd., Loma de Gato, Marilao Bulacan	-	Filipino	-
-	Florence R. Bernardo Blk 6C Lot 1 Farano St., Mille Luce Subdivision, Antipolo City	-	Filipino	-
AGGREGATE SHAREHOLDINGS		**2,350,006,100**		**21.80782%**

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.

<u>Voting Trust Holders of 5.0% or More</u>

As of April 30, 2022, there were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

<u>Changes in Control</u>

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.

<u>Directors and Executive Officers of the Registrant</u>

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:

NAME	AGE	POSITION	CITIZENSHIP	PERIOD SERVED
Manuel B. Villar Jr.	72	Chairman	Filipino	2012 to present
Manuel Paolo A. Villar	45	Director & President	Filipino	2012 to present
Cynthia J. Javarez	58	Director & Treasurer	Filipino	2019 to present
Camille A. Villar	37	Director	Filipino	2017 to present
Adisorn Thananun-Narapool	67	Director	Thai	2013 to present
Cherrylyn P. Caoile	47	Independent Director	Filipino	2021 to present
Raul Juan N. Esteban	60	Independent Director	Filipino	2014 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:

NAME	AGE	POSITION	CITIZENSHIP
Brian N. Edang	43	Chief Financial Officer & Head, Investor Relations	Filipino
Ma. Nalen S.J. Rosero	51	Chief Information Officer & Corporate Secretary	Filipino
Arbin Omar P. Carino	41	Compliance Officer & Assistant Corporate Secretary	Filipino
Melissa Camille Z. Domingo	35	Chief Audit Executive	Filipino
Rowena B. Bandigan	44	Chief Accountant	Filipino
Florence R. Bernardo	51	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 Masters 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 Chairman of the Board of Vistamalls, Inc. (formerly Starmalls, Inc.), AllHome 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 President and CEO of VistaREIT, Inc., CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc., and Powersource Phils Development Corp. Mr. Villar is also the majority shareholder of Prime Asset Ventures, Inc., and a director of Fine Properties, Inc, AllHome Corp. and AllDay Marts, Inc.

CYNTHIA J. JAVAREZ, *Director and Treasurer.* Ms. Javarez graduated from the University of the East with the degree of 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 in the MB Villar Group of Companies until 2007. She was the Controller and Chief Financial Officer of Vista Land since 2013 until she was elected as Chief Operating Officer in November 2018. She is also the current President of Fine Properties, Inc. and Chairman of the Board of Prime Asset Ventures, Inc., Primewater Infrastructure Corp. and Streamtech Systems Technologies, Inc., Planet Cable, Inc. and Dusit Hospitality Education Philippines, Inc. She was previously the President of Camella

Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation and Vista Residences, Inc. until 2021.

CAMILLE A. VILLAR, *Managing Director, Vista Land Commercial Division*. Ms. Villar, graduated from Ateneo de Manila University with the degree of Bachelor of Science in Management. She obtained her Masters in Business Administration, Global Executive MBA Program from the 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., and the Vice Chairman of AllHome Corp. and AllDay Marts, Inc. Ms. Villar is currently a Congresswoman, representing Las Pinas City.

ADISORN THANANUN-NARAPOOL, *Director*, holds a Bachelor of Accounting from Thammasat University and M.B.A. from Thammasat University. Mr. Thananun-Narapool has been Managing Director of Land and Houses Public Company Limited since May 1, 2013 and serves as its Member of Executive Board. Mr. Thananun-Narapool served as Senior Executive Vice President of Support at Land and Houses Public Company Limited from 2002 to April 2013 and served as its Chief Financial Officer. Mr. Thananun-Narapool served as an Executive Vice President -Land and Houses Public Co., Ltd. from 1992 to 2001. He has been a Director of Land and Houses North Co Ltd., and Land and Houses Northeast Co Ltd., since 1995. Mr. Thananun-Narapool has been a Director of Siam Tanee Property Co., Ltd. since 1991, Siam Tanee Realestate Co., Ltd. since 1993, Safety Insurance Public Co., Ltd. since 1994, Cameron Global Limited since 1999, LH Muang Mai Co., Ltd. since 2001. Mr. Thananun-Narapool serves as a Director of Secondary Mortgage Corporation, Asset Plus Securities Public Co., Ltd., Land and Houses Property Fund. He has been a Director of Land and Houses Public Company Ltd. since 2002 and of the Company since June 24, 2013.

CHERRYLYN P. CAOILE, *Independent Director,* 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, where she became a partner in 2009 until 2019. She served as an Assistant Professor in Commercial Law Department for De La Salle University – College of Business & Economics from 2003 to 2005. Ms. Caoile was recently the legal consultant of House of Representatives, Committee on Economic Affairs. She is currently the chairman of the board of Taipan Security Services, Inc. She was the former 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 the Assistant Corporate Secretary of Smart Communications, Inc., Paymaya Philippines, Inc, MPCALA Holdings, Inc., and Vista Land & Lifescapes, Inc. Ms. Caoile possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since his election as such.

RAUL JUAN N. ESTEBAN, *Independent Director*, graduated from the Ateneo de Manila University with a degree of Bachelor of Science in Management Engineering. He became a brand manager of Unilever Philippine from 1983 to 1986. He was the Country Representative of PPF (A Subsidiary of Unilever) from 1986 to 1988. He was Founding Partner of AGB-Nielsen Philippines and was Chairman until 2012. He held various positions in the Advertising Board of the Philippines, Advertising Congress, MORES (Marketing & Opinion Research Society of the Philippines) and ESOMAR (World Association of Marketing, Social, and Opinion Research) from 2000 to present. Currently, he is the Managing Director of Philippine Survey and Research Center Inc. Mr. Esteban also serves an Independent Director of AllDay Marts, Inc. since 2021. Mr.

Esteban has been a Director of the Company since June 30, 2014. Mr. Esteban possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since his election as such.

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, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. He is also currently serving as a director of VistaREIT, Inc. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head Investor Relations of Vista Land from 2007 up to present and the Chief Financial Officer of the Company since November 2018. Mr. Edang is a member of the Philippine Institute of Certified Public Accountants (PICPA) and the Financial Executives Institute of the Philippines (FINEX).

MA. NALEN SJ. ROSERO, *Chief Information Officer and Corporate Secretary*, graduated salutatorian from the San Beda College of Law in 1997. She is currently the Corporate Secretary and a Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also currently serving as the Chief Compliance Officer. She is also a Director of Manuela Corporation and Masterpiece Properties, Inc., and the Corporate Secretary of Vistamalls, Inc. (formerly Starmalls, Inc.). From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Relaga& Cruz (ACCRA) Law Offices. On September 11, 2013, Atty. Rosero was appointed as Compliance Officer and Chief Information Officer of the Company.

ARBIN OMAR P. CARINO, *Compliance Officer and Assistant Corporate Secretary*. Mr. Carino, 41, graduated from the De La Salle University. He took up Bachelor of Science in Chemistry and Bachelor of Secondary Education major in Physics and Math. Mr. Carino earned his law degree from the San Beda College of Law. He is the Corporate Secretary of All Bank, Inc and AllDay Marts, Inc.

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

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

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, Mr. Raul Juan N. Esteban and Ms. 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, and Mr. Raul Juan N. Esteban and Ms. Cherrylyn P. Caoile, members.

Attendance in Board Meetings

Attendance of each director of the Corporation in Board meetings held during the year 2021 as follows:

	Apr 21	***May 03***	***May 11***	***May 24***	***Jun 28***	***Jun 28***	***Aug 13***	***Sep 30***	***Nov 15***
Manuel B. Villar Jr.	P	P	P	P	P	P	P	P	P
Manuel Paolo A. Villar	P	P	P	P	P	P	P	P	P
Cynthia J. Javarez	P	P	P	P	P	P	P	P	P
Camille A. Villar	P	P	P	P	P	P	P	P	P
Adisorn Thananun-Narapool	A	A	A	A	A	A	A	A	A
Joel L. Bodegon*	-	-	-	-	-	-	-	-	-
Cherrylyn P. Caoile*	-	P	P	P	P	P	P	P	P
Raul Juan N. Esteban	P	P	P	P	P	P	P	P	P

Legend: (A) Absent, (P) Present, (-) Not Applicable

**Atty. Cherrylyn P. Caoile was nominated and elected on May 3, 2021 as new member due to the resignation/death of Atty. Joel L. Bodegon on April 6, 2021.*

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

Due to the death of Atty. Joel L. Bodegon in April 2021, Atty. Cherrylyn P. Caoile was elected in his place.

Due to the resignation of Atty. Jo Marie Lazaro-Lim as Assistant Corporate Secretary and Compliance Officer effective 24 May 2022, Atty. Arbin Omar Cariño was elected in her place on the same date.

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 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, 2021 and in the Quarterly report (SEC Form 17-Q) for the quarter period ended March 31, 2022, 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 2020 and 2021 (actual) and 2022 (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	Mall operations			
Aggregate executive compensation for above named officers		**Actual 2020** **Actual 2021** **Projected 2022**	**₱ 10.2 M** **₱ 10.7 M** **₱ 11.3 M**	**₱ 0.6 M** **₱ 0.7 M** **₱ 0.7 M**
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2020** **Actual 2021** **Projected 2022**	**₱ 5.6 M** **₱ 5.9 M** **₱ 6.2 M**	**₱ 0.4 M** **₱ 0.4 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's subsidiaries, for any services provided as a director for 2020 and 2021.

In 2021, the directors of the Company received remuneration as follows:

Director	Total Remuneration in 2021
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*
Cherrylyn P. Caoile	₱ 296,783.63
Raul Juan N. Esteban	₱ 361,111.11

**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's subsidiaries, during 2020 or 2021 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, 2022, 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, 2021 are discussed in the Company's 2021 Audited Financial Statements attached as Annex "C" to this Information Statement. Please see Note 20, pages 46 to 52 of the Notes to the Financial Statements accompanying the Company's 2021 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 & Company") 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 2021, 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 2021 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, 2019, 2020, and 2021 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 Mr. Raul Juan N. Esteban, 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.

	2021	2020
	(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	**₱ 3.59**	₱ 4.24
All other fees	–	–
Total	**₱ 3.59**	₱ 4.24

SGV & Company 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 28, 2021, covering the following matters: (i) approval of the President's Report and the Annual Report for the year 2020; (ii) approval and adoption of the Audited Financial Statements for the year ended 31 December 2020; (iii) ratification of all acts of the Board of Directors and Management since the annual stockholders' meeting held in June 2021; (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 2021

   Minutes of the 2021 Annual Meeting of Stockholders is available at the website of the Company. https://documents.starmalls.com.ph/uploads/STR-2021AGM_MinutesofMeeting-28June2021.pdf

   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 2021.

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 2020 and 2021 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 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 or 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 2021, 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, 2021 and the Interim Unaudited Financial Statements of the Company as of and for the quarter ended March 31, 2022 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

II. INFORMATION ON INDEPENDENT ACCOUNTANT

SGV & Company, independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2019, 2020 and 2021, 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.

	2021	2020
	(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	**₽ 3.59**	₽ 4.24
All other fees	**–**	–
Total	**₽ 3.59**	₽ 4.24

SGV and Company 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

RESULTS OF OPERATIONS COVERING THREE MONTHS ENDED MARCH 31, 2022 VS. THREE MONTHS ENDED MARCH 31, 2021

	Three months ended March 31			
(in ₱ millions)	2022 Unaudited	2021 Unaudited	Change In Pesos	Change In %
REVENUES				
Rental income	2,292	1,861	431	23%
Other operating income	342	161	181	112%
	2,634	**2,022**	**612**	**30%**
COSTS AND EXPENSES				
Depreciation	421	332	89	27%
Other operating and administrative	355	341	14	4%
	776	**673**	**103**	**15%**
OTHER INCOME (EXPENSE)				
Finance income	0	1	(1)	(100)%
Finance costs - net	(154)	(122)	(32)	26%
	(154)	**(121)**	**(33)**	**27%**
INCOME BEFORE INCOME TAX	**1,704**	**1,228**	**476**	**39%**
PROVISION FOR INCOME TAX	**(454)**	**(307)**	**(147)**	**48%**
NET INCOME	**1,250**	**921**	**329**	**36%**

<u>Revenues</u>

Rental income increased by 23% from ₱1,861 million in the three months ended March 31, 2021 to ₱2,292 million in the period ended March 31, 2021 due to the increase in occupancy and increase in rental rate.

Other operating income decreased by 112% from ₱161 million in the three months ended March 31, 2021 to ₱342 million in the period ended March 31, 2022 due to the increase in other operating income generated from the commercial assets.

<u>Cost and Expenses</u>

Operating expenses increased by 15% from ₱673 million in the three months ended March 31, 2021 to ₱776 million in the period ended March 31, 2022. The decrease was primarily due to the 27% increase in depreciation and 27% increase in taxes and licenses.

<u>Other Income and Expenses</u>

Finance income decreased by 24% from ₱0.5 million in the three months ended March 31, 2021 to ₱0.4 million in the period ended March 31, 2022 due to the lower interest earned from in cash in banks, investments and receivables of the company for the period.

Finance costs increased by 26% from ₱122 million in the period ended March 31, 2021 to ₱154 million in the period ended March 31, 2021. The increase was due to the interest pertaining to the lease liabilities recognized.

Provision for Income Tax

Provision for tax increased by 48% from ₱307 million in the period ended March 31, 2021 to ₱454 million in the period ended March 31, 2022 due to the higher taxable income in the 3-months of 2022.

Net Income

As a result of the foregoing, the Group's net income increased by 36% from ₱921 million in the three months ended March 31, 2021 to ₱1,250 million in the three months ended March 31, 2022.

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

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

Financial Condition as of March 31, 2022 vs. December 31, 2021

(in ₱ millions)	March 31, 2022 Unaudited	December 31, 2021 Audited	Change In Pesos	%age In %
ASSETS				
Current Assets				
Cash	446	235	211	90%
Short-term cash investment	7	7	0	0%
Investment at fair value through profit or loss	27	27	0	0%
Receivables	4,813	7,477	(2,664)	(36)%
Receivable from ultimate parent company	2,446	2,780	(334)	(12)%
Real estate properties for sale	302	302	0	0%
Other current assets	3,215	3,368	(153)	(5)%
Total Current Assets	**11,256**	**14,196**	**-2,940**	**-21%**
Noncurrent Assets				
Investments at fair value through other comprehensive income	2,655	2,655	0	0%
Receivables - net of current portion	12,162	11,380	782	7%
Property and equipment	55	57	(2)	(4)%
Investment properties	55,601	51,897	3,704	7%
Investment in associate	205	205	0	0%
Other noncurrent assets	284	282	2	1%
Total Noncurrent Assets	**70,962**	**66,476**	**4,486**	**7%**
	82,218	**80,672**	**1,546**	**2%**

(Forward)

LIABILITIES AND EQUITY

Current Liabilities				
Accounts and other payables	3,828	4,292	(464)	(11)%
Security deposits and advance rent	1,539	1,351	188	14%
Payable to parent company	30,671	31,039	(368)	(1)%
Income tax payable	18	17	1	6%
Current portion of:				
Bank loans	1,486	1,711	(225)	(13%
Lease liabilities	423	423	0	0%
Total Current Liabilities	**37,965**	**38,833**	**(868)**	**11%**
Noncurrent Liabilities				
Bank loans - net of current portion	281	297	(16)	(5)%
Lease liabilities - net of current portion	6,239	6,217	22	0%
Pension liabilities	64	64	0	0%
Deferred tax liabilities - net	4,940	4,495	445	10%
Other noncurrent liabilities	1630	917	713	78%
Total Noncurrent Liabilities	**13,154**	**11,990**	**1,164**	**10%**
	51,119	**50,823**	**296**	**1%**
Equity				
Equity attributable to equity holders of the Parent Company:				
Capital stock	8,449	8,449	0	0%
Additional paid-in capital	6,389	6,389	0	0%
Retained earnings	18,724	17,475	1,249	7%
Other comprehensive income (loss)	(2,619)	(2,619)	0	0%
	30,943	29,694	1,249	4%
Non-controlling interest	156	155	1	1%
Total Equity	**31,099**	**29,849**	**1,250**	**4%**
	82,218	**80,672**	**1,546**	**2%**

Total assets were ₱82,218 million as of March 31, 2022 and ₱80,672 million as of December 31, 2021. The 2% increase is due to the following:

- Cash and cash equivalents increased by 90% from ₱235 million as of December 31, 2021 to ₱446 million as March 31, 2022 due to the increase in cash flow from operations.

- Receivables, including non-current portion decreased by 10% from ₱18,857 million as of December 31, 2021 to ₱16,975 million as of March 32, 2021 mainly due to the decrease in advances to contractors and accrued rent due to PAS 17.

- Investment properties increased by 7% from ₱51,897 million as of December 31, 2021 to ₱55,601 million as of March 31, 2022 primarily due to the additions of land and cost for construction of investment properties for the period.

Total Liabilities as of March 31, 2022 were ₱51,119 million, 1% higher compared to ₱50,823 million as of December 31, 2021. This was due to the following:

- Accounts and other payables decreased by 11% from ₱4,292 million as of December 31, 2021 to ₱3,828 million as of March 31, 2022 due to settlements for the period.

- Security deposits and advance rent increased by 14% from ₱1,351 million as of December 31, 2021 to ₱1,539 million as of March 31, 2022 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.

- Income tax payable increased by 6% from ₱17 million as of December 31, 2021 to ₱18 million as of March 31, 2022 due to higher taxable income.

- Bank loans including non-current portion, decreased by 12% from ₱2,008 million as of December 31, 2021 to ₱1,767 million as of March 31, 2022 due to settlements for the period.

- Deferred tax liabilities - net increased by 10% from ₱4,495 million as of December 31, 2021 to ₱4,940 million as of March 31, 2022 due to additional temporary differences for the period.

- Other noncurrent liabilities increased by 78% from ₱917 million as of December 31, 2021 to ₱1,630 million as of March 31, 2022 due to the increase in the non-current portion of payables to contractors and retention payable.

Total stockholder's equity increased by 4% from ₱29,849 million as of December 31, 2021 to ₱31,099 million as of March 31, 2022 due to higher income recorded for the period.

<u>Top Five (5) Key Performance Indicators</u>

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

Key Performance Indicators	03/31/2022	12/31/2021
Current ratio [(a)]	0.30	0.37
Debt-to-equity ratio [(b)]	0.06	0.07
	03/31/2022	**03/31/2021**
Interest coverage ratio [(c)]	14.80	13.79
EBITDA margin [(d)]	87%	83%
Return on equity [(e)]	16.1%	13.8%

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) 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, 2022 decreased from December 31, 2021 due to the decrease in current assets.

Debt to equity ratio as of March 31, 2022 decreased from that of December 31, 2021 due to settlement of debt for the period.

Interest coverage for the period ended March 31, 2022 increased because of the increase in the company's earnings before interest, income taxes, depreciation and amortization.

EBITDA margin improved for the period ended March 31, 2022 from the prior period due to higher income for the period.

Return on equity increased as a result of improvement in net income for the period.

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

Cash and cash equivalents increased by 90% from ₱235 million as of December 31, 2021 to ₱446 million as March 31, 2022 due to the increase in cash flow from operations.

Receivables, including non-current portion decreased by 10% from ₱18,857 million as of December 31, 2021 to ₱16,975 million as of March 32, 2021 mainly due to the decrease in advances to contractors and accrued rent due to PAS 17.

Investment properties increased by 7% from ₱51,897 million as of December 31, 2021 to ₱55,601 million as of March 31, 2022 primarily due to the additions of land and cost for construction of investment properties for the period.

Accounts and other payables decreased by 11% from ₱4,292 million as of December 31, 2021 to ₱3,828 million as of March 31, 2022 due to settlements for the period.

Security deposits and advance rent increased by 14% from ₱1,351 million as of December 31, 2021 to ₱1,539 million as of March 31, 2022 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.

Income tax payable increased by 6% from ₱17 million as of December 31, 2021 to ₱18 million as of March 31, 2022 due to higher taxable income.

Bank loans including non-current portion, decreased by 12% from ₱2,008 million as of December 31, 2021 to ₱1,767 million as of March 31, 2022 due to settlements for the period.

Deferred tax liabilities - net increased by 10% from ₱4,495 million as of December 31, 2021 to ₱4,940 million as of March 31, 2022 due to additional temporary differences for the period.

Other noncurrent liabilities increased by 78% from ₱917 million as of December 31, 2021 to ₱1,630 million as of March 31, 2022 due to the increase 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, 2022 compared to the three months ended March 31, 2021 (increase/decrease of 5% or more)

Rental income increased by 23% from ₱1,861 million in the three months ended March 31, 2021 to ₱2,292 million in the period ended March 31, 2021 due to the increase in occupancy and increase in rental rate.

Other operating income decreased by 112% from ₱161 million in the three months ended March 31, 2021 to ₱342 million in the period ended March 31, 2022 due to the increase in other operating income generated from the commercial assets.

Operating expenses increased by 15% from ₱673 million in the three months ended March 31, 2021 to ₱776 million in the period ended March 31, 2022. The decrease was primarily due to the 27% increase in depreciation and 27% increase in taxes and licenses.

Finance income decreased by 24% from ₱0.5 million in the three months ended March 31, 2021 to ₱0.4 million in the period ended March 31, 2022 due to the lower interest earned from in cash in banks, investments and receivables of the company for the period.

Finance costs increased by 26% from ₱122 million in the period ended March 31, 2021 to ₱154 million in the period ended March 31, 2021. The increase was due to the interest pertaining to the lease liabilities recognized.

Provision for tax increased by 48% from ₱307 million in the period ended March 31, 2021 to ₱454 million in the period ended March 31, 2022 due to the higher taxable income in the 3-months of 2022.

The Group's net income increased by 36% from ₱921 million in the three months ended March 31, 2021 to ₱1,250 million in the three months ended March 31, 2022.

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

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

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 2021 VS YEAR END 2020

RESULTS OF OPERATIONS

(in ₱ millions)	Years ended December 31 2021 Audited	 2020 Audited	 Change In Pesos	 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**	**1,953.0**	**26.9%**
COSTS AND EXPENSES				
Depreciation	1,910.0	1,545.6	364.4	23.6%
Other operating and administrative	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 decreased 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 the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

FINANCIAL CONDITION

	Years ended December 31			
(in ₱ millions)	**2021**	**2020**	**Change**	
	Audited	**Audited**	**In Pesos**	**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	-	0.0%
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	(865.0)	(24.6)%
Receivables - net of current portion	11,379.9	8,469.3	2,910.6	34.4%
Property and equipment	57.0	65.4	(8.4)	(12.8)%
Investment properties	51,896.3	49,474.6	2,421.7	4.9%
Investment in associate	204.5	-	204.5	
Other noncurrent assets	282.5	659.4	(376.9)	(57.2)%
Total Noncurrent Assets	**66,475.5**	**62,189.0**	**4,286.4**	**6.9%**
	80,672.0	**73,691.8**	**6,980.3**	**9.5%**
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%
(Forward)				
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%**

(Forward)

Equity				
Equity attributable to equity holders of the Parent:				
Capital stock	8,449.5	8,449.5	-	0.0%
Additional paid-in capital	6,389.3	6,389.3	-	0.0%
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	155.5	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 liabilities 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	34.21
Return on assets [d]	5.5%	3.7%
Return on equity [e]	14.8%	10.3%

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, 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, 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.

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

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

REVIEW OF YEAR END 2020 VS YEAR END 2019

RESULTS OF OPERATIONS

	Years ended December 31			
(in ₱ millions)	**2020 Audited**	**2019 Audited**	**Change In Pesos**	**%age In %**
REVENUES				
Rental income	6,843.5	6,730.5	113.0	1.7%
Parking fees	115.1	185.4	(70.3)	(37.9)%
Other operating income	314.4	559.1	(244.7)	(43.8)%
	7,273.1	**7,475.0**	**(201.9)**	**(2.7)%**
COSTS AND EXPENSES				
Depreciation	1,545.6	1,558.9	(13.3)	(0.9)%
Other operating and administrative expenses	1,390.1	1,886.3	(496.2)	(26.3)%
	2,935.7	**3,445.2**	**(509.6)**	**(14.8)%**
(Forward)				
OTHER INCOME (EXPENSE)				
Interest income	45.0	26.0	19.0	73.2%
Fair value loss on investment at fair value through profit or loss	(7.4)	0.8	(8.2)	(1028.6)%
Interest expense and other financing charges	(522.0)	(238.0)	(284.0)	119.3%
	(484.4)	**(211.2)**	**(273.2)**	**129.4%**

(Forward)

INCOME BEFORE INCOME TAX	**3,853.0**	**3,818.5**	**34.5**	**0.9%**
PROVISION FOR INCOME TAX	**1,132.3**	**1,182.1**	**(49.8)**	**(4.2)%**
NET INCOME	**2,720.7**	**2,636.4**	**84.2**	**3.2%**

<u>Revenues</u>

Operating revenue

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

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

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

- Other operating income decreased from ₱559 million for the year ended December 31, 2019 to ₱314 million for the year ended December 31, 2020. The 44% decrease was due to the decrease in administrative fees and other fees charged to tenants such as billboards and other collaterals classified as other operating income due to the lockdown.

<u>Costs and Expenses</u>

Operating Expenses

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

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

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

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

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

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

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

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

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

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

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

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

Provision for Income Tax

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

Net Income

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

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

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

FINANCIAL CONDITION

	Years ended December 31			
(in ₱ millions)	**2020 Audited**	**2019 Audited**	**Change In Pesos**	**%age In %**
ASSETS				
Current Assets				
Cash	164.4	589.0	(424.6)	(72.1)%
Short-term cash investment	7.5	62.8	(55.3)	(88.1)%
Investment at fair value through profit or loss	22.3	29.7	(7.4)	(25.0)%
Receivables	5,165.6	2,277.6	2,888.0	126.8%
Receivable from ultimate parent company	2,779.6	2,850.8	(71.3)	(2.5)%
Real estate properties for sale	301.8	301.8	-	0.0%
Other current assets	3,061.7	3,034.4	27.3	0.9%
Total Current Assets	**11,502.7**	**9,146.1**	**2,356.6**	**25.8%**
Noncurrent Assets				
Investments at fair value through other comprehensive income	3,520.3	5,814.6	(2,294.2)	(39.5)%
Receivables - net of current portion	8,469.3	7,056.8	1,412.6	20.0%
Property and equipment	65.4	80.0	(14.6)	(18.2)%
Investment properties	49,474.6	47,854.8	1,619.8	3.4%
Other noncurrent assets	659.4	673.9	(14.6)	(2.2)%
Total Noncurrent Assets	**62,189.0**	**61,480.1**	**709.0**	**1.2%**
	73,691.8	**70,626.2**	**3,065.6**	**4.3%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	4,081.6	2,357.6	1,724.0	73.1%
Security deposits and advance rent	734.4	702.7	31.7	4.5%
Payable to parent company	29,460.9	27,853.6	1,607.3	5.8%
Income tax payable	34.6	40.6	(6.0)	(14.7)%
Dividends payable	-	0.3	(0.3)	(100.0)%
Current portion of:				
Bank loans	645.9	1,328.4	(682.4)	(51.4)%
Lease liabilities	62.7	51.7	11.0	21.3%
Total Current Liabilities	**35,020.0**	**32,334.7**	**2,685.3**	**8.3%**
Noncurrent Liabilities				
Bank loans - net of current portion	2,326.2	2,969.3	(643.1)	(21.7)%
Lease liabilities - net of current portion	3,674.0	3,964.2	(290.2)	(7.3)%
Pension liabilities	71.2	52.0	19.1	36.7%
Deferred tax liabilities - net	4,056.3	3,139.7	916.6	29.2%
Other noncurrent liabilities	2,113.3	2,023.6	89.7	4.4%
Total Noncurrent Liabilities	**12,241.0**	**12,148.9**	**92.1**	**0.8%**
	47,261.1	**44,483.6**	**2,777.4**	**6.2%**
Equity				
Equity attributable to equity holders of the Parent Company:				
Capital stock	8,449.5	8,449.5	-	0.0%
Additional paid-in capital	6,389.3	6,389.3	-	0.0%
Retained earnings	13,204.2	10,615.3	2,588.8	24.4%
Other comprehensive income (loss)	(1,768.5)	529.1	(2,297.6)	(434.3)%
	26,274.4	25,983.2	291.2	1.1%
Non-controlling interest	156.3	159.4	(3.1)	(1.9)%
Total Equity	**26,430.7**	**26,142.6**	**288.1**	**1.1%**
	73,691.8	**70,626.2**	**3,065.6**	**4.3%**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other operating income decreased from ₱559 million for the year ended December 31, 2019 to ₱314 million for the year ended December 31, 2020. The 44% decrease was due to the decrease in administrative fees and other fees charged to tenants such as billboards and other collaterals classified as other operating income due to the lockdown.

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

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

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

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

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

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

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

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

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

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

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

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

REVIEW OF YEAR END 2019 VS YEAR END 2018

RESULTS OF OPERATIONS

	Years ended December 31			
(in ₱ millions)	**2019**	**2018**	**Change**	
	Audited	**Audited**	**In Pesos**	**In %**
REVENUES				
Rental income	6,730.5	5,673.9	1,056.5	18.6%
Parking fees	185.4	158.8	26.6	16.7%
Other operating income	559.1	453.0	106.1	23.4%
	7,475.0	**6,285.7**	**1,189.3**	**18.9%**
COSTS AND EXPENSES				
Depreciation	1,558.9	997.6	561.2	56.3%
Other operating and aministrative expenses	1,886.3	1,810.8	75.5	4.2%
	3,445.2	**2,808.4**	**636.9**	**22.7%**
OTHER INCOME (EXPENSE)				
Interest income	26.0	42.4	(16.5)	(38.8)%
Fair value loss on investment at fair value through profit or loss	0.8	(5.7)	6.5	(114.0)%
Interest expense and other financing charges	(238.0)	(53.7)	(184.2)	342.8%
	(211.2)	**(17.0)**	**(194.2)**	**1144.2%**
INCOME BEFORE INCOME TAX	**3,818.5**	**3,460.4**	**358.2**	**10.4%**
PROVISION FOR INCOME TAX	**1,182.1**	**1,037.7**	**144.4**	**13.9%**
NET INCOME	**2,636.4**	**2,422.7**	**213.8**	**8.8%**

Revenues

Operating revenue

Operating revenue increased from ₱6,286 million for the year ended December 31, 2018 to ₱7,475 million for the year ended December 31, 2019. The 19% increase in the account was primarily attributable to the following:

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

- Parking fee revenue increased from ₱159 million for the year ended December 31, 2018 to ₱185 million for the year ended December 31, 2019. The 17% increase was due to higher number of vehicles using the mall parking space and additional parking space from new malls opened during the year.

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

Costs and Expenses

Operating Expenses

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

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

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

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

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

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

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

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

- Increase in insurance by 11% from ₱30 million for the year ended December 31, 2018 to ₱34 million for the year ended December 31, 2019 due to the additional insurance obtained by the Company for its new malls and office buildings.

- Increase in professional fees by 16% from ₱17 million for the year ended December 31, 2018 to ₱19 million for the year ended December 31, 2019 as a result of lower professional fees paid in 2018.

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

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

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

Interest Expense
Interest expense increase by 343% from ₱54 million in the year ended December 31, 2018 to ₱238 million in the year ended December 31, 2019. This is due primarily to the interest pertaining to the of lease liabilities recognized due to the adoption of the PFRS 16 during the year.

Provision for Income Tax

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

Net Income

As a result of the foregoing, the Company's net income increased by 9% from ₱2,423 million in the year ended December 31, 2018 to ₱2,636 million in the year ended December 31, 2019.

For the year ended December 31, 2019, except as discussed in the notes to financial statements, events after report date, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

FINANCIAL CONDITION

	Years ended December 31			
(in ₱ millions)	**2019 Audited**	**2018 Audited**	**Change In Pesos**	**In %**
ASSETS				
Current Assets				
Cash	589.0	418.4	170.6	40.8%
Short-term cash investment	62.8	-	62.8	
Investment at fair value through profit or loss	29.7	28.9	0.8	2.8%
Receivables	2,277.6	3,583.0	(1,305.4)	(36.4)%
Receivable from ultimate parent company	2,850.8	2,850.8	-	0.0%
Real estate properties for sale	301.8	322.2	(20.3)	(6.3)%
Other current assets	3,034.4	2,134.5	899.9	42.2%
Total Current Assets	**9,146.1**	**9,337.9**	**(191.7)**	**(2.1)%**
Noncurrent Assets				
Investments at fair value through other comprehensive income	5,814.6	4,069.4	1,745.1	42.9%
Receivables - net of current portion	7,056.8	3,274.8	3,781.9	115.5%
Property and equipment	80.0	67.4	12.5	18.6%
Investment properties	47,854.8	35,315.6	12,539.2	35.5%
Investment in associate	-	-	-	
Other noncurrent assets	673.9	851.6	(177.7)	(20.9)%
Total Noncurrent Assets	**61,480.1**	**43,579.0**	**17,901.0**	**41.1%**
	70,626.2	**52,916.9**	**17,709.3**	**33.5%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	2,357.6	2,461.6	(104.1)	(4.2)%
Security deposits and advance rent	702.7	545.0	157.7	28.9%
Payable to parent company	27,853.6	18,377.0	9,476.5	51.6%
Income tax payable	40.6	63.7	(23.2)	(36.3)%
Dividends payable	0.3	0.3	-	0.0%
Current portion of:				
Bank loans	1,328.4	1,558.6	(230.2)	(14.8)%
Lease liabilities	51.7	-	51.7	
Total Current Liabilities	**32,334.7**	**23,006.2**	**9,328.5**	**40.5%**
Noncurrent Liabilities				
Bank loans - net of current portion	2,969.3	4,297.9	(1,328.5)	(30.9)%
Lease liabilities - net of current portion	3,964.2	-	3,964.2	
Pension liabilities	52.0	48.8	3.3	6.7%
Deferred tax liabilities - net	3,139.7	2,307.1	832.6	36.1%
Other noncurrent liabilities	2,023.6	1,015.0	1,008.6	99.4%
Total Noncurrent Liabilities	**12,148.9**	**7,668.7**	**4,480.2**	**58.4%**
	44,483.6	**30,674.9**	**13,808.7**	**45.0%**
Equity				
Equity attributable to equity holders of the Parent Company:				
Capital stock	8,449.5	8,449.5	-	0.0%
Additional paid-in capital	6,389.3	6,389.3	-	0.0%
Retained earnings	10,615.3	8,471.5	2,143.9	25.3%
Other comprehensive income (loss)	529.1	(1,188.9)	1,718.0	(144.5)%
	25,983.2	22,121.3	3,861.9	17.5%
Non-controlling interest	159.4	120.6	38.7	32.1%
Total Equity	**26,142.6**	**22,242.0**	**3,900.6**	**17.5%**
	70,626.2	**52,916.9**	**17,709.3**	**33.5%**

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

Total assets as of December 31, 2018 were ₱52,917 million compared to ₱70,626 million as of December 31, 2019, or a 33% increase. This was due to the following:

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

- Investments at fair value through profit/loss and other comprehensive income including non-current portion increased by 44% from ₱4,098 million as of December 31, 2018 to ₱5,907 million as of December 31, 2019 due to the recognition of the unrealized fair value gain during the year.

- Receivables, including non-current portion increased by 36% from ₱6,858 million as of December 31, 2018 to ₱9,334 million as of December 31, 2019 due to due to an increase in the various receivables of the company such as accounts receivable from tenants, advances to contractors and accrued rental receivables as part of the PAS 17 adjustments.

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

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

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

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

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

Total liabilities as of December 31, 2018 were ₱30,675 million compared to ₱44,484 million as of December 31, 2019, or a 45% increase. This was due to the following:

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

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

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

- Bank Loans, including non-current portion decreased by 27% from ₱5,856 million as of December 31, 2018 to ₱4,298 million as of December 31, 2019 due to payments made during the year.

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

- Pension liabilities increased by 7% from ₱49 million as of December 31, 2018 to ₱52 million as of December 31, 2019 due to actuarial adjustments.

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

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

Total stockholder's equity increased by 18% from ₱22,241 million as of December 31, 2018 to ₱26,143 million as of December 31, 2019 to due to the earnings recorded for the year.

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

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

Notes:

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

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

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

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

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

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

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

Investments at fair value through profit/loss and other comprehensive income including non-current portion increased by 44% from ₱4,098 million as of December 31, 2018 to ₱5,907 million as of December 31, 2019 due to the recognition of the unrealized fair value gain during the year.

Receivables, including non-current portion increased by 36% from ₱6,858 million as of December 31, 2018 to ₱9,334 million as of December 31, 2019 due to due to an increase in the various receivables of the company such as accounts receivable from tenants, advances to contractors and accrued rental receivables as part of the PAS 17 adjustments.

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

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

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

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

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

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

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

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

Bank Loans, including non-current portion decreased by 27% from ₱5,856 million as of December 31, 2018 to ₱4,298 million as of December 31, 2019 due to payments made during the year.

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

Pension liabilities increased by 7% from ₱49 million as of December 31, 2018 to ₱52 million as of December 31, 2019 due to actuarial adjustments

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

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

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

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

Parking fee revenue increased from ₱159 million for the year ended December 31, 2018 to ₱185 million for the year ended December 31, 2019. The 17% increase was due to higher number of vehicles using the mall parking space and additional parking space from new malls opened during the year.

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

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

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

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

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

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

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

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

Increase in insurance by 11% from ₱30 million for the year ended December 31, 2018 to ₱34 million for the year ended December 31, 2019 due to the additional insurance obtained by the Company for its new malls and office buildings.

Increase in professional fees by 16% from ₱17 million for the year ended December 31, 2018 to ₱19 million for the year ended December 31, 2019 as a result of lower professional fees paid in 2018.

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

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

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

Interest expense increase by 343% from ₱54 million in the year ended December 31, 2018 to ₱238 million in the year ended December 31, 2019. This is due primarily to the interest pertaining to the of lease liabilities recognized due to the adoption of the PFRS 16 during the year.

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

Net income increased by 9% from ₱2,423 million in the year ended December 31, 2018 to ₱2,636 million in the year ended December 31, 2019.

For the year ended December 31, 2019, except as discussed in the notes to financial statements, events after report date, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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, 2021, 2020, and 2019 and as of and for the quarters ended March 31, 2021 and 2022.

	MAPI				
	For the years ended December 31,			For the quarter ended March 31,	
	2019	**2020**	**2021**	**2021**	**2022**
			(₱ millions)		
Gross revenues	4,794.03	5,623.66	7,597.95	1,364.29	1,839.00
Net income	1,895.11	2,478.77	4,083.97	765.52	1,050.78

	As a % of STR Group's				
	2019	**2020**	**2021**	**2021**	**2022**
			(%)		
Gross revenues	64.13%	77.32%	82.35%	73.31%	80.24%
Net income	71.88%	91.11%	92.66%	83.16%	84.12%

	MAPI				
	For the years ended December 31,			For the quarter ended March 31,	
	2019	**2020**	**2021**	**2021**	**2022**
Current ratio[1]	1.28	1.39	2.99	0.99	1.36
Liability to Equity ratio[2]	7.45	9.66	5.79	8.64	5.99
Net income margin[3]	39.53%	44.08%	53.75%	56.11%	57.14%
Return on Equity[4]	29.98%	44.46%	42.81%	12.07%	9.48%
Return on Asset[5]	3.55%	4.17%	6.31%	1.25%	1.58%

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, 2021, 2020, and 2019 and as of and for the quarters ended March 31, 2021 and 2022.

	MC				
	For the years ended December 31,			For the quarter ended March 31,	
	2019	2020	2021	2021	2022
			(₱ millions)		
Gross revenues	2,677.22	1,646.66	1,628.80	496.67	452.80
Net income	616.28	248.72	213.22	155.00	198.36

	As a % of STR Group's				
	2019	2020	2021	2021	2022
			(%)		
Gross revenues	35.82%	22.64%	17.65%	26.69%	19.76%
Net income	23.38%	9.14%	4.84%	16.84%	15.88%

	MC				
	For the years ended December 31,			For the quarter ended March 31,	
	2019	2020	2021	2021	2022
Current ratio[1]	6.43	5.39	2.98	2.55	1.37
Liability to Equity ratio[2]	0.40	0.45	0.63	0.45	0.67
Net income margin[3]	23.02%	15.10%	13.09%	31.21%	43.81%
Return on Equity[4]	4.15%	1.94%	1.74%	1.26%	1.68%
Return on Asset[5]	2.97%	1.34%	1.06%	0.87%	1.01%

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.

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, 2019, 2020 and 2021 and in the Interim Unaudited Financial Statements of the Company as of and for the quarter ended March 31, 2022.

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, 2019, 2020 and 2021 and in the Interim Unaudited Financial Statements of the Company as of and for the quarter ended March 31, 2022.

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	2022			2021			2020			2019		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	4.29	3.18	3.31	4.34	3.70	3.80	5.93	3.12	3.61	7.20	5.36	6.74
2nd				3.99	3.65	3.91	4.10	3.50	3.78	7.12	6.10	6.40
3rd				3.98	3.65	3.78	4.09	3.60	3.68	6.45	5.58	5.84
4th				3.97	3.62	3.72	5.09	3.56	4.24	5.82	4.96	5.66

The market capitalization of STR as of December 31, 2021, based on the closing price of ₱3.72 per share, was approximately ₱31.34 billion.

As of April 30, 2022, STR's market capitalization stood at ₱27.72 billion based on the ₱3.29 per share closing price.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
30 May 2022	3.40	3.38	3.40

Stockholders

Common Shares

There are approximately 436 holders of common equity security of the Company as of April 30, 2022 (based on the number of accounts registered with the Stock Transfer Agent). As of April 30, 2022, 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)	50,702,092	0.60%
5.	PCD NOMINEE CORPORATION (FOREIGN)	3,223,904	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	**8,424,476,300**	**99.98%**
	Others	1,504,856	0.02%
	Total issued and outstanding common shares as of April 30, 2022	**8,425,981,156**	**100.00%**

Preferred Shares

As of April 30, 2022, 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, 2022	**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

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

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

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

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

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

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

Dividend Policy

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 JUN 06 2022.

By:

MA. NALEN S.J. ROSERO
Corporate Secretary

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, 2021, 2020, and 2019 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this MAY 0 4 2022 day of ______________ 2022.

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 MAY 0 4 2022 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date and Place of Issue
Manuel B Villar, Jr.	P2529752B	12 JUL 2019 / DFA MANILA
Manuel Paolo A. Villar	P3900440A	02 AUG 2017 / DFA MANILA
Brian N. Edang	P9937644A	14 DEC 2018 / DFA NCR EAST

who has satisfactory proven to me their identities through their valid identification cards, and that they are the same persons who personally signed before me the foregoing and acknowledges that they executed the same.

Doc No. 396
Page No. 81
Book No. VI
Series of 2022.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 53511
IBP Lifetime Member No. 012533
PTR No. 4871109 / 03 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-0026069 / Issued 23 May 2019
Notarial Commission Appointment No. 0314-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	0	0	0	0	3	9	5	8	7

C O M P A N Y   N A M E

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

C O M P A N Y   I N F O R M A T I O N

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)
434	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	0917-857-6513

CONTACT PERSON's ADDRESS

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

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

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

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Building a better working world

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

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

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, 2021 and 2020, 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, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Provision for Expected Credit Losses

The Group applies 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, 2021 amounted to ₱434.35 million and ₱308.66 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), including the impact of COVID-19 pandemic, in calculating the ECL. The determination of provision for credit losses for receivables from tenants, specifically, the exposure at default includes consideration of the security deposits and advance rent, and financial support and credit enhancements extended by any related party of the tenants.

The disclosures related to the allowance for credit loss 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 credit risk characteristics, (b) assessed the methodology used in applying the ECL model by evaluating the key inputs, assumption and formula used, (c) compared the definition of default against historical analysis of accounts and the credit risk management policies and practices in place and management's assessment of the impact of the COVID-19 pandemic on the counterparties, (d) compared the security deposits and advance rent made by tenants against outstanding receivables to determine the exposure at default, (e) checked the impact of any financial support and credit enhancements extended by any party; and (f) checked the forward-looking information used for overlay through using publicly available information and our understanding of the Group's receivable portfolios and the related industry of tenants, including the impact of the COVID-19 pandemic.

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, 2021 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, 2021 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.

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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
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

May 4, 2022

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Notes 7, 23 and 24)	**₱234,887,567**	₱164,362,000
Short-term cash investment (Notes 8, 23 and 24)	**7,322,080**	7,496,416
Investment at fair value through profit or loss (Notes 8, 23 and 24)	**26,871,612**	22,264,152
Receivables (Notes 9, 23 and 24)	**7,477,336,340**	5,165,573,169
Receivable from related parties (Notes 20, 23 and 24)	**2,779,557,596**	2,779,557,596
Real estate properties for sale	**302,220,899**	301,837,616
Other current assets (Note 11)	**3,368,393,808**	3,061,658,496
Total Current Assets	**14,196,589,902**	11,502,749,445
Noncurrent Assets		
Investments at fair value through other comprehensive income (Notes 8, 20, 23 and 24)	**2,655,294,999**	3,520,334,446
Receivables - net of current portion (Notes 9, 23 and 24)	**11,379,912,225**	8,469,328,408
Property and equipment	**57,006,822**	65,400,126
Investment in associate (Note 8)	**204,500,000**	–
Investment properties (Note 10)	**51,896,257,084**	49,474,575,417
Other noncurrent assets (Note 11)	**282,483,157**	659,388,323
Total Noncurrent Assets	**66,475,454,287**	62,189,026,720
	₱80,672,044,189	₱73,691,776,165
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12, 23 and 24)	**₱4,291,641,228**	₱4,081,580,941
Security deposits and advance rent (Note 13)	**1,350,956,457**	734,355,854
Payable to VLLI (Notes 20, 23 and 24)	**31,039,458,580**	29,460,856,744
Income tax payable	**16,841,969**	34,615,793
Current portion of:		
Bank loans (Notes 14, 23 and 24)	**1,711,498,085**	645,937,390
Lease liabilities (Notes 23, 24 and 25)	**422,685,317**	62,694,367
Total Current Liabilities	**38,833,081,636**	35,020,041,089
Noncurrent Liabilities		
Bank loans - net of current portion (Notes 14, 23 and 24)	**296,875,000**	2,326,228,927
Lease liabilities - net of current portion (Notes 23, 24 and 25)	**6,215,853,962**	3,673,984,320
Pension liabilities	**64,323,821**	71,163,876
Deferred tax liabilities - net (Note 19)	**4,494,225,527**	4,056,325,060
Other noncurrent liabilities (Note 15)	**917,110,236**	2,113,316,998
Total Noncurrent Liabilities	**11,988,388,546**	12,241,019,181
Total Liabilities	**₱50,821,470,182**	₱47,261,060,270

(Forward)

	December 31	
	2021	2020
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	**17,475,393,694**	13,204,169,450
Other comprehensive loss	**(2,619,111,110)**	(1,768,543,981)
	29,695,078,094	26,274,420,979
Non-controlling interest (Note 21)	**155,495,913**	156,294,916
Total Equity	**29,850,574,007**	26,430,715,895
	₱80,672,044,189	₱73,691,776,165

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUE			
Rental income (Note 10)	**₱8,836,170,943**	₱6,843,497,958	₱6,730,451,620
Parking fees	**121,887,433**	115,135,700	185,407,579
Other operating income (Note 17)	**268,010,919**	314,436,157	559,118,182
	9,226,069,295	7,273,069,815	7,474,977,381
COSTS AND EXPENSES			
Depreciation (Note 10)	**1,910,014,361**	1,545,571,648	1,558,860,209
Light and power	**326,116,938**	232,755,142	521,869,915
Provision for impairment losses (Note 9)	**308,655,421**	82,161,649	52,421,517
Taxes, licenses and other fees	**283,958,767**	246,475,713	230,210,230
Outside services	**255,510,468**	280,211,064	403,393,741
Salaries and employee benefits	**238,162,907**	252,821,902	256,135,605
Repairs and maintenance	**125,373,694**	118,735,867	172,885,009
Insurance	**55,960,862**	48,706,014	33,737,626
Professional fees	**36,178,542**	27,194,419	19,149,233
Advertising and promotions	**24,665,781**	32,414,982	81,847,580
Rentals	**8,168,458**	4,392,981	10,910,231
Other operating expenses	**107,962,385**	64,240,120	103,814,532
	3,680,728,584	2,935,681,501	3,445,235,428
OTHER INCOME (EXPENSE)			
Interest income (Notes 7, 8, 11 and 18)	**4,229,687**	45,007,271	25,984,618
Fair value gain (loss) on investment at fair value through profit or loss (Note 8)	**4,607,460**	(7,404,958)	797,421
Interest expense and other financing charges (Notes 18 and 25)	**(562,590,089)**	(521,987,212)	(237,977,586)
	(553,752,942)	(484,384,899)	(211,195,547)
INCOME BEFORE INCOME TAX	**4,991,587,769**	3,853,003,415	3,818,546,406
PROVISION FOR INCOME TAX (Note 19)	**583,889,230**	1,132,323,551	1,182,112,958
NET INCOME	**₱4,407,698,539**	₱2,720,679,864	₱2,636,433,448
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱4,407,214,416**	₱2,720,306,780	₱2,626,326,397
Non-controlling interest (Note 21)	**484,123**	373,084	10,107,051
NET INCOME	**₱4,407,698,539**	₱2,720,679,864	₱2,636,433,448
BASIC/DILUTED EARNINGS PER SHARE (Note 21)	**₱0.523**	₱0.323	₱0.312

(Forward)

	Years Ended December 31		
	2021	2020	2019
NET INCOME	**₱4,407,698,539**	₱2,720,679,864	₱2,636,433,448
OTHER COMPREHENSIVE (LOSS) INCOME			
Other comprehensive (loss) income not to be reclassified to profit or loss in subsequent periods:			
Unrealized fair value (loss) gain on equity investment at fair value through other comprehensive income (Note 8)	**(865,039,447)**	(2,294,235,056)	1,745,123,059
Remeasurement gain (loss) on pension liabilities, net of tax	**13,189,192**	(6,837,543)	(394,933)
	(851,850,255)	(2,301,072,599)	1,744,728,126
TOTAL COMPREHENSIVE INCOME	**₱3,555,848,284**	₱419,607,265	₱4,381,161,574
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱3,557,131,410**	₱422,668,977	₱4,342,446,538
Non-controlling interest (Note 21)	**(1,283,126)**	(3,061,712)	38,715,036
	₱3,555,848,284	₱419,607,265	₱4,381,161,574

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 Loss	Non-Controlling Interest (Note 21)	Total
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 loss	–	–	–	–	**(850,567,129)**	**(1,283,126)**	**(851,850,255)**
Total comprehensive income (loss) 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**
Balances as at January 1, 2020	₱23,500,000	₱8,425,981,156	₱6,389,314,354	10,615,328,399	₱529,093,822	₱159,356,628	₱26,142,574,359
Net income	–	–	–	2,720,306,780	–	373,084	2,720,679,864
Other comprehensive income	–	–	–	–	(2,297,637,803)	(3,434,796)	(2,301,072,599)
Total comprehensive income for the year	–	–	–	2,720,306,780	(2,297,637,803)	(3,061,712)	419,607,265
Cash dividend declared	–	–	–	(131,465,729)	–	–	(131,465,729)
Balances as at December 31, 2020	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱13,204,169,450	(₱1,768,543,981)	₱156,294,916	₱26,430,715,895
Balances as at January 1, 2019	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱8,471,471,436	(₱1,188,937,019)	₱120,641,592	₱22,241,971,519
Net Income	–	–	–	2,626,326,397	–	10,107,051	2,636,433,448
Other comprehensive income	–	–	–	–	1,716,120,141	28,607,985	1,744,728,126
Total comprehensive income for the year	–	–	–	2,626,326,397	1,716,120,141	38,715,036	4,381,161,574
Transfer out of pension liability	–	–	–	(1,345,909)	1,910,700	–	564,791
Cash dividend declared	–	–	–	(481,123,525)	–	–	(481,123,525)
Balances as at December 31, 2019	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱10,615,328,399	₱529,093,822	₱159,356,628	₱26,142,574,359

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,991,587,769**	₱3,853,003,415	₱3,818,546,406
Adjustments for:			
Depreciation (Note 10)	**1,910,014,361**	1,545,571,648	1,558,860,209
Interest expense and other financing charges (Note 18)	**562,590,089**	521,987,212	237,977,586
Provision for impairment losses (Note 9)	**308,655,421**	82,161,649	52,421,517
Retirement expense	**10,745,534**	9,349,045	8,648,931
Interest income (Note 18)	**(4,229,687)**	(45,007,271)	(25,984,618)
Fair value (gain) loss on investment at fair value through profit or loss (Note 8)	**(4,607,460)**	7,404,958	(797,421)
Operating income before working capital changes	**7,774,756,027**	5,974,470,656	5,649,672,610
Decrease (increase) in:			
Receivables	**(5,531,002,409)**	(4,382,728,909)	(2,528,921,252)
Real estate properties for sale	**(383,283)**	–	20,342,957
Other current assets	**2,905,049,648**	(136,773,254)	(1,097,271,086)
Increase (decrease) in:			
Accounts and other payables	**(603,252,291)**	1,222,943,706	(501,886,941)
Security deposits and advance rent	**7,500,187**	129,641,133	526,068,030
Other noncurrent liabilities	**(593,497,224)**	(8,260,471)	708,182,560
Net cash flows generated from operations	**3,959,170,655**	2,799,292,861	2,776,186,878
Income taxes paid	**(121,525,224)**	(122,155,181)	(203,310,360)
Interest received	**1,647,694**	9,347,269	18,914,618
Net cash flows provided by operating activities	**3,839,293,125**	2,686,484,949	2,591,791,136
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in receivables from related parties (Note 26)	**(1,854,060)**	69,499,990	–
Interest received	**2,581,994**	35,660,002	7,070,000
Acquisitions of:			
Property and equipment	**(35,276,162)**	(18,093,955)	(36,849,291)
Investment property (Note 26)	**(3,990,251,406)**	(2,911,196,724)	(8,569,670,969)
Deductions from (additions to):			
Restricted cash	**8,470,034**	376,484,957	(4,205,561)
Investments	**(204,325,664)**	55,314,083	(62,810,499)
Other noncurrent assets	**368,435,132**	(361,931,311)	181,891,556
Additions to (payments of) liabilities for purchased land	**215,106,173**	(1,913,585)	(794,700,185)
Net cash flows used in investing activities	**(3,637,113,959)**	(2,756,176,543)	(9,279,274,949)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Lease liabilities	**(384,976,509)**	(328,751,973)	(256,373,492)
Interest and other financing charges (including capitalized borrowing cost)	**(225,918,536)**	(175,457,893)	(315,190,240)
Dividends declared	**(14,007,543)**	(13,559,828)	(481,123,525)
Bank loans	**(965,224,278)**	(1,328,366,778)	(1,565,803,985)
Increase in payables to related parties	**1,458,473,267**	1,491,183,043	9,476,547,065
Net cash flows (used in) provided by financing activities (Note 26)	**(131,653,599)**	(354,953,429)	6,858,055,823
NET INCREASE (DECREASE) IN CASH	**70,525,567**	(424,645,023)	170,572,010
CASH AT BEGINNING OF YEAR	**164,362,000**	589,007,023	418,435,013
CASH AT END OF YEAR (Note 7)	**₱234,887,567**	₱164,362,000	₱589,007,023

See accompanying 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 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 (Note 10).

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

2. **Basis of Preparation**

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

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

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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021.

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		
	2021	2020	2019
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, 2021 and 2020, 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

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. The 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 PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Group adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2021. There is no rent concession received in 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Group adopted the amendments beginning January 1, 2021.

- Adoption of PIC Q&A 2018-12 on Accounting for Common Usage Service Area (CUSA)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry. This includes PIC Q&A No. 2018-12-H which discussed accounting for CUSA charges wherein it was concluded that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12-H for a period of three years or until December 31, 2020. The deferral will only be applicable for real estate transactions.

  The above guidance has no impact to the Group because its accounting policy has been aligned with the guidance since the initial adoption of PFRS 15 in 2018.

Voluntary Change in Accounting Policy
Starting January 1, 2021, considering the experience from the pandemic, management made a comparison of the prevailing practice in the industry and noted that most of the big players in commercial and office spaces leasing are using the simplified approach. Given this, management decided to align its accounting policy with what is prevailing in the industry which resulted in voluntarily changing its accounting policy to measure loss allowance for its lease receivables from general to simplified approach. The Group now measures the loss rate using net flow methodology.

Under the simplified approach, in calculating expected credit loss (ECL), the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for lease receivables, analyzed into third party and related party tenants, that is based on historical credit loss experience and incorporating forward-looking information (called overlays). The change in accounting policy was applied retroactively resulting in additional provision amounting to ₱24.79 million in 2021 and no significant impact for 2020 and 2019.

Management believes that the presentation of the consolidated statement of financial position as at the beginning of the earliest period presented is not necessary as the change in accounting policy has no significant impact on the Group's total assets and total equity as of January 1, 2019. The change in accounting policy did not impact the consolidated statement of cash flows for the years ended December 31, 2020 and 2019.

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, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

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

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

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

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

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

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

  The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

      The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

    - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

      The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

      The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

      An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

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

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

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

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group is currently assessing the impact of adopting these amendments.

4. **Summary of Significant Accounting Policies**

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

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

All other assets are classified as noncurrent.

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

The Group classifies all other liabilities as noncurrent.

Deferred liabilities are classified as noncurrent liabilities.

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

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

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

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

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

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

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

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

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

<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).

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

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

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

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

As discussed above, starting January 1, 2021, the Group used simplified approach method in calculating its ECL for lease receivables from the previous general approach. 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 trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors (i.e. inflation, GDP growth rate) specific to the debtors and the economic environment.

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

The provision matrix is initially based on the 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.

Prior to retroactive adoption of the change in ECL methodology for lease receivables, the Group uses general approach in calculating its ECL. Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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.

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. Investment properties also include right-of-use assets involving real properties.

It is the Group's policy to classify right-of-use assets as part of investment properties. 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	11 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.

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

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

Equity
Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds at the par value is credited to “Additional paid-in capital” account. Direct costs incurred related to equity issuance are chargeable to “Additional paid-in capital” account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

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

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

Rental income
The 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>Other revenue</u>
Other revenue is 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.

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

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.

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, 2021, 2020 and 2019, the Group has no potential dilutive common shares (Note 21).

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

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

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

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

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

5. Significant Accounting Judgments and Estimates

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

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

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

Principal versus agent considerations
The contract for the commercial spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the connection to air conditioning system and services in the CUSA, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA and air conditioning charges.

Property lease classification - the Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases

Assessment on whether lease concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16. Consequently, this is treated as a variable lease.

The rent concessions granted by the Group for the year ended December 31, 2021 and 2020 amounted to ₱185.28 million and ₱1,478.44 million, respectively. (Note 25)

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).

Accounting for lease modification - the Group as lessee
In 2021, the Group and one of the lessors amended the lease contract covering parcels of land where one of the Group's commercial building is situated by extending the lease period and amending the lease rates. The Group assessed that the lease modification did not result in a separate lease and the Group remeasured the lease liability based on the amended lease period and lease rates and recognized the difference between the carrying amount of the modified lease liability and the carrying amount of the lease liability immediately before the modification as an adjustment to the right-of-use asset. The lease contract further subjects the lease payments starting 2036 to be reviewed by both parties in accordance with certain stipulations in the contract. As such, the Group used the market rate at the date the lease is modified for lease period where lease payments are yet to be agreed.

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

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 effective January 1, 2021 and applied retrospectively. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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

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

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

Considering the above, the Group revisited the expected credit loss exercise as at December 31, 2021 for its receivables.

For receivables from tenants, the PD scenario used in the calculation of ECL were 31% best, 33% base, and 36% worst case probability scenario as of December 31, 2021 and 25% best, 33% base, and 42% worst case probability scenario as of December 31, 2020, respectively, from the previous 33% equal probability of all scenarios as of December 31, 2019. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

Further details are provided in Note 9.

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

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

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

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

Further details are provided in Note 10.

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

Further details are provided in Note 10.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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

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

Further details are provided in Note 19.

6. Segment Information

The Group's shopping malls and commercial centers are all located in the Philippines and are treated as one operating segment. The real estate development of MC is very minimal to the overall operations and financial position of the Group as of December 31, 2021 and 2020. 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 ₱7,091.75 million or 80.26%, ₱5,506.18 million or 80.46%, and ₱4,015.66 million or 59.66% of the Group was generated from anchor tenants as defined in Note 20 for the years ended December 31, 2021, 2020 and 2019, respectively.

There is no cyclicality in the Group's operations.

7. Cash

This account consists of:

	2021	2020
Cash on hand	**₱667,300**	₱530,500
Cash in banks (Notes 23 and 24)	**234,220,267**	163,831,500
	₱234,887,567	₱164,362,000

Cash in banks earns interest at the prevailing bank deposit rates. Interest rate ranges from 0.10% to 1.50%, 0.10% to 1.25%, and 0.10% to 1.25% in 2021, 2020 and 2019, respectively.

Interest earned from cash in banks for the years ended December 31, 2021, 2020 and 2019 amounted to ₱1.37 million, ₱3.37 million, and ₱5.91 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, as follows:

	2021	2020	2019
Philippine Peso	**3.00% to 3.25%%**	3.00% to 3.25%%	3.00% to 3.25%

As at December 31, 2021, and 2020, short-term cash investments amounted to ₱7.32 million and ₱7.50 million, respectively.

Interest earned from short-term cash investments for the years ended December 31, 2021, 2020 and 2019 amounted to ₱0.34 million, ₱0.40 million and ₱1.42 million, respectively (Note 18).

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 follow:

	December 31, 2021	December 31, 2020
Balances at beginning of year	**₱22,264,152**	₱29,669,110
Unrealized fair value (loss) gain during the year	**4,607,460**	(7,404,958)
Balances at end of year	**₱26,871,612**	₱22,264,152

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

The movement of the accounts follow:

	December 31, 2021	December 31, 2019
Balances at beginning of year	**₱3,520,334,446**	₱5,814,569,502
Unrealized fair value loss during the year	**(865,039,447)**	(2,294,235,056)
Balances at end of year	**₱2,655,294,999**	₱3,520,334,446

Investment in associate
In 2021, MC and MAPI acquired 20.50% and 19.61% ownership of Vista One, Inc. (VOI) with a total cost of investment amounting to ₱204.50 million consisting of 204,500,000 common shares at ₱1 par value. VOI is 98.84% owned by VLLI as of December 31, 2021.

Vista One, Inc. (the Company or VOI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 24, 2020, primarily to own, manage, operate and engage in the leasing of income-generating real properties such as office buildings, shopping centers, hotels, resorts, residential buildings, condominium buildings, among others and to hold for investment or otherwise, real estate of all kinds, including buildings, apartments and other structures, and to grant loans and/or assume or undertake or guarantee or secure, whether as solidary obligor, surety, guarantor or any other capacity either on its general credit or on the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, the whole or any part of the liabilities and obligations of its parent company, subsidiaries or investee companies or affiliates, without engaging in the business of a financing company or lending investor.

VOI's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona Dos, Las Piñas City.

Below is the financial information on VOI as of December 31, 2021:

Current assets	₱510,075,007
Noncurrent assets	–
Current liabilities	9,763,270
Noncurrent liabilities	–
Revenue	–
Net loss	117,247
Total comprehensive loss	117,247

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

Net assets as at January 1, 2021	₱543,603,255
40.11% Share in Net Asset	204,547,028
40.11% Share in Net income	(47,028)
Carrying value of investment as at December 31, 2021	₱204,500,000

9. **Receivables**

This account consists of:

	2021	2020
Accounts receivable from tenants (Note 20)	**₱6,152,176,630**	₱3,511,708,988
Advances to contractors	**2,401,127,459**	3,407,279,844
Accrued rent receivable (Note 20)	**10,677,861,332**	6,783,889,238
Other receivables	**60,429,581**	67,479,204
	19,291,595,002	13,770,357,274
Less allowance for impairment losses	**(434,346,437)**	(135,455,697)
	18,857,248,565	13,634,901,577
Less noncurrent portion	**(11,379,912,225)**	(8,469,328,408)
	₱7,477,336,340	₱5,165,573,169

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

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

Provision for expected credit losses

The following is the rollforward analysis of impaired receivables:

	2021	2020
Balances at beginning of year	**₱135,455,697**	₱52,421,517
Provision on impairment losses:		
Accounts receivable from tenants	**308,655,421**	72,448,156
Advances to contractors	**−**	10,586,024
Write-off	**(10,586,024)**	−
Recoveries	**821,343**	−
	₱434,346,437	₱135,455,697

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

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, provides a provision of a minimum of thirty (30)-day grace period on residential rents and commercial rents of lessees, and MSMEs and cooperatives ordered to temporarily cease operations, falling due within the period of the CQ, without incurring interest, penalties, fees, and other charges: Provided, That all amounts due within the period of CQ shall be amortized in equal monthly installments until December 31, 2021 without any interest, penalties and other charges: Provided, further, That no increase in rent shall be imposed during the same period: Provided, furthermore, that the minimum thirty (30)-day grace period shall be reckoned from the date of the lifting of the ECQ or MECQ.

In 2021 and 2020, the Group, in addition to the reliefs provided under Bayanihan 1 Act and Bayanihan 2 Act, has offered temporary financial reliefs (e.g., short-term extension of payment terms) to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not significant.

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:

	2021					
	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	**2.40%**	**19.02%**	**14.02%**	**19.02%**	**18.07%**	
Amount of exposure at default net of advance rent and security deposits	**₱48,563,671**	**₱4,522,614**	**₱–**	**₱3,498,479**	**₱122,332,788**	**₱178,917,552**
Expected credit loss	**₱1,163,655**	**₱860,164**	**₱–**	**₱665,382**	**₱22,103,040**	**₱24,792,241**

	2020					
	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	2.24%	5.77%	10.31%	12.32%	12.54%	
Amount of exposure at default net of advance rent and security deposits	₱19,265,546	₱–	₱–	₱–	₱–	₱19,265,546
Expected credit loss	₱431,234	₱–	₱–	₱–	₱–	₱431,234

Out of the total impairment loss of ₱308.66 million in 2021, ₱283.87 million pertains to specifically impaired receivables, while ₱24.79 million is from generally impaired receivables from expected credit loss calculation. For 2021 the specifically identified impaired accounts pertain to tenants which were affected by the pandemic, thus terminated the lease contracts prior to the original end date.

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. 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 rental 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.

In various dates in 2021 and 2020, certain third party and related party tenants of the Group operating within the entertainment, food and low-priced apparel retailing have requested for the termination of their lease contracts with the Group prior to the original end dates. The requests, as granted by the Group, are primarily due to the impact of COVID 19 pandemic to their business. As agreed with these tenants, all billed receivables up to termination date will be collected. As a result, the Group reversed the accrued rental receivable which is the effect of straight-line calculation of rental income of those tenants who pre-terminated the contracts, amounting to ₱32.97 million and ₱1,556.18 million against rental income for the year ended December 31, 2021 and 2020, respectively. The related deferred tax liability of ₱8.24 million and ₱466.84 million for the reversed accrued rental receivable from tenants was reversed in 2021 and 2020, respectively. Of these terminated tenants in 2021 and 2020, ₱1.13 million and ₱1,245.19 million were related parties. The specific portion relating to the termination of related party tenants are included in the related party transactions disclosure of the Group (see Note 20).

10. Investment Properties

The rollforward analysis of this account follows:

	December 31, 2021				
	Land	**Building and Building Improvements**	**Construction in Progress**	**Right-of-use Assets**	**Total**
Cost					
Balances at beginning of year	**₱12,253,551,623**	**₱25,630,594,938**	**₱16,726,669,174**	**₱3,310,593,486**	**₱57,921,409,221**
Additions	**19,812,846**	**105,506,659**	**1,278,966,773**	**2,883,567,838**	**4,287,854,116**
Reclassification	**–**	**14,219,593,602**	**(14,219,593,602)**	**–**	**–**
Balances at end of year	**12,273,364,469**	**39,955,695,199**	**3,786,042,345**	**6,194,161,324**	**62,209,263,337**
Accumulated Depreciation					
Balances at beginning of year	**–**	**8,087,162,318**	**–**	**359,671,485**	**8,446,833,803**
Depreciation	**–**	**1,658,037,783**	**–**	**208,134,667**	**1,866,172,450**
Balances at end of year	**–**	**9,745,200,101**	**–**	**567,806,152**	**10,313,006,253**
Net Book Value	**₱12,273,364,469**	**₱30,210,495,098**	**₱3,786,042,345**	**₱5,626,355,172**	**₱51,896,257,084**

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

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.

Rental income earned from investment properties amounted to ₱8,836.17 million, ₱6,843.50 million, and ₱6,730.45 million in 2021, 2020 and 2019, respectively. Repairs and maintenance costs incurred arising from the investment properties amounted to ₱125.37 million, ₱118.73 million, and ₱172.89 million for the years ended December 31, 2021, 2020 and 2019, respectively. Cost of property operations amounted to ₱3,227.93 million, ₱2,762.09 million, and ₱3,269.85 million for the years ended December 31, 2021, 2020 and 2019, respectively. For the terms and conditions on the lease, refer to Note 25.

As of December 31, 2021 and 2020, the aggregate fair values of investment properties amounted to ₱107,312.26 million and ₱121,263.79 million, respectively, using Level 3 (significant unobservable inputs).

In 2021 and 2020, the fair values of the investment properties held for leasing were determined by independent professionally qualified appraisers.

In the determination of fair values in 2021 and 2020, market value approach method was used for land, income approach method was used for completed and substantially completed malls and office buildings for rent and cost approach method was used for construction in progress under early stage of construction and right-of-use asset.

The key assumptions used to determine the fair value of the investment properties held for leasing are the estimated rental value per sqm per year, rental growth rate per annum, and discount rate. The discount rate used in the valuation are discount rates range to of 8.10% to 8.69% and 8.67% in 2021 and 2020, respectively. Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long-term vacancy rate.

The parcels of land are located in cities and municipalities like Mandaluyong, Las Piñas, Taguig, Naga, Bacoor, Imus, San Jose del Monte, Sta. Rosa, 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 ₱4,547.55 million and ₱5,610.90 million are used to secure the bank loans of the Group as of December 31, 2021 and 2020, respectively (see Note 14). The fair value of the investment properties used as collateral amounted to ₱36,091.97 million and ₱52,956.21 million under income approach as of December 31, 2021 and 2020, respectively.

The Group's borrowing cost capitalized to investment properties amounted to ₱85.94 million for the year ended December 31, 2020 (nil in 2021) (see Note 18). Amortization expense related to right-of-use asset amounted to ₱208.13 million and ₱200.00 million for the years ended December 31, 2021 and 2020. Right-of-use asset is amortized over a period of 2 to 30 years.

The total contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhances amounted to ₱2,353.04 million and ₱3,169.65 million as of December 31, 2021 and 2020, respectively.

11. **Other Assets**

This account consists of:

	2021	2020
Input value-added tax (VAT)	**₱2,941,993,717**	₱2,834,287,737
Restricted cash	**280,715,024**	289,185,058
Refundable deposits	**282,483,157**	461,075,694
Prepaid expenses	**73,737,288**	114,527,160
Creditable withholding taxes	**55,474,647**	6,019,982
Others	**16,473,132**	15,951,188
	3,650,876,965	3,721,046,819
Less noncurrent portion:		
Restricted cash	–	(198,312,629)
Refundable deposits	**(282,483,157)**	(461,075,694)
	(282,483,157)	(659,388,323)
	₱3,368,393,808	₱3,061,658,496

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

Creditable withholding taxes pertain to taxes withheld by the customer and are recoverable and can be applied against income tax in future periods. For the years ended December 31, 2021, and 2020, creditable withholding taxes applied to income tax payable amounting to ₱19.64 million and ₱104.95 million, respectively.

Refundable deposits pertain to deposits on utility subscriptions, rental deposits and security deposits. These deposits shall be applied against unpaid utility expenses and rent expenses upon termination of the contracts. These deposits are necessary for the continuing construction and development of the Group's commercial centers.

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

Restricted cash are deposits restricted solely for payment of the principal amortization and interest of certain bank loans. These deposits bear prevailing interest rates and will be retained as deposits until the bank loans are fully paid. Deposit balance should be equivalent to two quarters of debt amortization. Interest income from restricted cash amounted to ₱2.24 million, ₱38.07 million, and ₱ 11.36 million in 2021, 2020 and 2019, respectively (see Note 18). The current and noncurrent portion of the restricted cash pertain to the two quarters of debt amortization for the bank loans maturing on or before
December 31, 2021 and bank loans maturing beyond December 31, 2021, respectively.

12. Accounts and Other Payables

This account consists of:

	2021	2020
Accounts payable:		
Contractors	**₱1,928,418,459**	₱1,400,806,535
Supplier	**960,509,386**	976,203,778
Deferred output VAT	**758,206,045**	664,505,385
Accrued expenses	**194,139,633**	154,257,478
Current portion of liabilities for purchased land	**240,037,612**	172,816,841
Current portion of retention payable	**86,714,298**	626,587,296
Other payables	**123,615,795**	86,403,628
	₱4,291,641,228	₱4,081,580,941

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

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

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

Accrued expenses
Details of accrued expenses as follow:

	2021	2020
Real property tax	**₱51,902,909**	₱19,265,318
Repairs and maintenance	**37,290,307**	27,609,564
Security services	**22,375,030**	28,644,724
Interest (Note 25)	**17,909,333**	29,740,073
Utilities	**15,235,428**	6,982,643
Agency services	**15,052,236**	12,220,478
Advertising	**13,251,702**	15,908,894
Professional fees	**11,239,295**	1,116,779
Janitorial services	**3,152,009**	2,349,024
Rental	**1,281,602**	6,277,848
Others	**5,449,782**	4,142,133
	₱194,139,633	₱154,257,478

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).

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

13. Security Deposits and Advance Rent

This account consists of:

	2021	2020
Security deposits	**₱784,197,145**	₱792,948,224
Advance rent	**754,080,988**	737,829,721
	1,538,278,133	1,530,777,945
Less noncurrent portion:		
Security deposits (Note 15)	**(99,483,642)**	(323,129,545)
Advance rent (Note 15)	**(87,838,034)**	(473,292,546)
	(187,321,676)	(796,422,091)
	₱1,350,956,457	₱734,355,854

Security deposits
Security deposits represent deposits required by lease agreements. These can be recovered upon termination of the lease agreement through refund or application to unpaid rent and/or other charges. Current portion are those to be applied within one year from financial reporting date.

Advance rent
Advance rent includes three-month advance rental paid by lessee as required under lease contract. These will be applied to the first or last three months rental depending on the contract terms of the related lease contract. These also include overpayments made by lessee against its monthly billings which will applied to future billings. Current portion are those to be applied within one year from financial reporting date.

14. **Bank Loans**

Bank Loans
Bank loans pertain to the borrowings of the Group from various local financial institutions. These bank loans are obtained to finance capital expenditures and for general corporate purposes.

The rollforward analysis of this account follows:

	December 31, 2021	December 31, 2020
Principal		
Balance at the beginning of year	**₱2,974,280,349**	₱4,302,647,127
Payment	**(965,224,278)**	(1,328,366,778)
Balance at end of year	**2,009,056,071**	2,974,280,349
Debt issue cost		
Balance at the beginning of the year	**2,114,032**	4,973,801
Amortizations	**(1,431,046)**	(2,859,769)
Balance at end of the year	**682,986**	2,114,032
Carrying value	**2,008,373,085**	2,972,166,317
Less current portion	**(1,711,498,085)**	(645,937,390)
Noncurrent portion	**₱296,875,000**	₱2,326,228,927

Details of the bank loans as at December 31, 2021 and 2020 follow:

Loan Type	Date of Availment	2021	2020	Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
MAPI							
Bank loan	Availed in various dates in 2015	**₱113,681,070**	₱568,405,348	March 2022	5.46%	Interest and principal payable monthly	With collateral
Bank loan	July 2017	**359,375,000**	421,875,000	June 2027	6.23%	Interest and principal payable monthly	Current ratio of at least 1:1.00; Debt to Equity maximum of 2.50:1.00 and DSCR 1:1.00; with collateral
		473,056,070	990,280,348				
MC							
Bank loan	July 2015	**1,535,317,015**	1,981,885,969	July 2022	5.75%	Interest and principal payable quarterly	Current ratio of at least 1:00:1.00; Debt to Equity maximum of 3.00:1.00; with collateral
		1,535,317,015	1,981,885,969				
		2,008,373,085	2,972,166,317				
Less noncurrent portion		**296,875,000**	2,326,228,927				
		₱1,711,498,085	₱645,937,390				

Interest expense on bank loans amounted to ₱159.04 million, ₱217.07 million, and ₱360.86 million in 2021, 2020 and 2019, respectively (see Note 18).

The Group has complied with the covenants required by the bank loans as at December 31, 2021 and 2020. 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:

	2021	2020
Payable to contractors - net of current portion (Note 12)	**₱92,197,906**	₱768,706,669
Liabilities for purchased land - net of current portion (Note 12)	**141,494,524**	135,103,646
Retention payable - net of current portion (Note 12)	**464,919,402**	363,496,267
Security deposits - net of current portion (Note 13)	**99,483,242**	323,129,545
Advance rent - net of current portion (Note 13)	**87,838,034**	473,292,546
Other payables (Note 12)	**31,177,128**	49,588,325
	₱917,110,236	₱2,113,316,998

16. Equity

Capital Stock

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

	2021	2020
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, 2021:

	Number of Shares Registered	Number of holders of securities as of year end
December 31, 2019	8,425,981,156	436
Add/(Deduct) Movement	–	–
December 31, 2020	8,425,981,156	436
Add/(Deduct) Movement	–	(2)
December 31, 2021	**8,425,981,156**	**434**

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, 2021, after reconciling items, amounted to ₱5,546.34 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱12,037.14 million, and ₱7,618.41 million in 2021, and 2020, 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 ₱135.99 million or ₱0.0161 per share and ₱131.45 million or ₱0.0156 per share on September 30, 2021 and September 30, 2020, respectively. The dividend declarations are in favor of all stockholders of record as of October 15, 2021 and October 15, 2020, ₱14.01 million and ₱13.54 million of which were paid on October 28, 2021 and October 23, 2020, respectively. The remaining unpaid dividends are lodged under "Payable to VLLI" account.

As at December 31, 2021 and 2020, unpaid dividends amounted to ₱0.28 million for both years.

Capital Management
The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group may lengthen the maturity profile of its debt portfolio in order to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis.

As at December 31, 2021, 2020 and 2019, the Group had the following ratios:

	2021	2020	2019
Current ratio	**0.37**	0.33	0.28
Debt-to-equity ratio	**1.70**	1.79	1.70
Net debt-to-equity ratio	**0.06**	0.11	0.14
Asset-to-equity ratio	**2.70**	2.79	2.70

As at December 31, 2021, 2020 and 2019, 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, 2021, 2020 and 2019.

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, 2021, 2019 and 2018:

	2021	2020	2019
Total paid-up capital	**₱14,838,795,510**	₱14,838,795,510	₱14,838,795,510
Retained earnings	**17,475,393,694**	13,204,169,450	10,615,328,399
Other comprehensive income	**(2,619,111,110)**	(1,768,543,981)	529,093,822
	₱29,695,078,094	₱26,274,420,979	₱25,983,217,731

Financial Risk Assessment

The Group's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest, currency and market conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's counterparties remain diverse and the related parties are guaranteed by Fine Properties, Inc., ultimate parent company. As discussed in Note 6, out of the total rental income in 2021, 80.26% comes from anchor tenant of the Group which is a related party.

17. Other Operating Income

This account consists of:

	2021	2020	2019
Administrative fees	**₱147,389,811**	₱120,994,497	₱322,383,728
Mall maintenance and security fees	**65,268,056**	52,628,160	134,031,259
Advertising fees	**36,318,382**	30,974,531	39,784,881
Gain on derecognition of liabilities	**8,524,644**	93,196,221	36,928,378
Forfeited deposits and advances and reversals	**7,076,680**	474,782	2,596,374
Penalties and surcharges	**792,326**	1,021,318	2,311,118
Realized gross profit on real estate sales	**–**	306,301	11,398,705
Miscellaneous	**2,641,020**	14,840,347	9,683,739
	₱268,010,919	₱314,436,157	₱559,118,182

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:

	2021	2020	2019
Interest income from cash, short term investments and restricted cash (Note 7, 8 and 11)	**₱3,952,030**	₱41,837,589	₱18,687,178
Interest income from tenants	**277,657**	3,169,682	7,297,440
	₱4,229,687	₱45,007,271	₱25,984,618

Interest expense and other financing charges consist of:

	2021	2020	2019
Bank loans (Note 14)	**₱159,041,360**	₱217,067,736	₱360,863,050
Lease liabilities (Notes 25)	**403,269,265**	390,674,379	336,034,670
Bank charges	**279,464**	183,189	328,410
	562,590,089	607,925,304	697,226,130
Amounts capitalized (Note 10)	–	85,938,092	459,248,544
	₱562,590,089	₱521,987,212	₱237,977,586

19. **Income Tax**

Provision for income tax consists of:

	2021	2020	2019
Current:			
RCIT	**₱102,460,930**	₱213,049,598	₱363,167,092
MCIT	**797,911**	160,714	180,504
Final	**492,559**	7,919,915	2,663,434
Deferred	**480,137,830**	911,193,324	816,101,928
	₱583,889,230	₱1,132,323,551	₱1,182,112,958

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

	2021	2020
Deferred tax assets on:		
Lease liabilities	**₱1,659,634,820**	₱1,121,003,606
Allowance for impairment	**108,381,273**	40,636,709
Accrual of retirement costs	**11,100,604**	15,372,743
	1,779,116,697	1,177,013,058
Deferred tax liabilities on:		
Capitalized interest and other expenses	**(862,741,682)**	(1,109,300,697)
Right-of-use assets	**(1,406,588,794)**	(885,276,601)
Straight lining of rent income	**(3,999,625,774)**	(3,238,760,820)
Excess of book basis over tax basis of deferred gross profit on real estate sales	**(4,385,974)**	–
	(6,273,342,224)	(5,233,338,118)
	(₱4,494,225,527)	(₱4,056,325,060)

Out of the ₱437.90 million movement in net deferred tax liabilities, ₱4.40 million was booked as movement in OCI in 2021.

Out of the ₱19.08 million movement in net deferred tax liabilities, ₱2.05 million was booked as movement in OCI in 2020.

As at December 31, 2021 and 2020, the Group has NOLCO and MCIT that are available for offset against future taxable income for which no deferred tax assets have been recognized as follows:

	2021	2020
NOLCO	**₱356,248**	₱2,483,495
MCIT	**1,139,130**	64,715

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.

As of December 31, 2021, the Group has incurred NOLCO before taxable year 2021 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year incurred	Amount	Expired	Applied	Balance	Expiry Year
2018	₱5,025,498	₱3,020,394	₱2,005,104	₱–	2021

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Year incurred	Amount	Expired	Applied	Balance	Expiry Year
2021	₱1,424,991	₱–	₱–	₱1,424,991	2026

The Group did not incur NOLCO in taxable year 2020.

As at December 31, 2021, the details of the Group’s MCIT which are available for offset against future taxable income follow:

<u>MCIT</u>

Year incurred	Amount	Expired	Applied	Balance	Expiry Year
2018	₱96,000	₱96,000	₱–	₱–	2021
2019	180,504	–	–	180,504	2022
2020	160,714	–	–	160,714	2023
2021	797,911	–	–	797,911	2024
	₱1,235,129	₱	₱–	₱1,139,129	

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2021	2020	2019
Provision for income tax at statutory income tax rate	**25.62%**	30.00%	30.00%
Tax effects of:			
Expiration of NOLCO and MCIT	**0.02**	0.32	1.25
Nondeductible interest and other expenses	**0.10**	0.06	1.13
Transfer out of pension liability	**–**	–	0.42
Income already subjected to final tax	**(0.01)**	(0.23)	(0.12)
Change in unrecognized deferred tax assets	**(0.01)**	(0.09)	(1.70)
Changes in tax rate arising from CREATE Act	**(13.39)**	–	–
Others	**(0.62)**	(0.66)	(0.02)
Provision for income tax	**11.71%**	29.40%	30.96%

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.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
  - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
  - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
  - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group is subjected to lower regular corporate income tax rate of either 25% or 20% effective July 1, 2020. The rate applicable to the Group is 25%.

As a result of reduction in RCIT/MCIT rate, the provision for current income tax for the year ended December 31, 2020 and income tax payable as of December 31, 2020 decreased by ₱17.77 million. In addition, the provision for deferred tax for the year then ended December 31, 2020 and net deferred tax liabilities as of December 31, 2020 decreased by ₱151.87 million. For financial reporting purposes, these changes are recognized in the 2021 financial statements in accordance with PIC Q&A 2020-07.

The total reduction in income tax expense in 2021 amounting to ₱690.21 million is composed of ₱21.93 million coming from reduction in tax rate from 30% to 25% for 2021 taxable income and ₱668.28 million coming from the 5% tax expense for 2020 taxable income recorded as reduction for financial reporting in 2021.

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, 2021 and 2019:

December 31, 2021

	Nature of Transaction	Volume	Receivable (Payable)	Terms	Conditions
Receivables from tenants (Note 9)					
Ultimate Parent Company	**a) Rental of office spaces**	**₱2,375,240**	**₱3,647,848**	**Noninterest-bearing**	**Unsecured; no impairment**
VLLI	**a) Rental of office spaces**	**–**	**221,544**	**Noninterest-bearing**	**Unsecured; no impairment**
Entities under common control	**a) Rental of commercial spaces**	**7,316,735,020**	**15,906,986,729**	**Noninterest-bearing**	**With guarantee from Fine Properties Inc., no impairment**
			₱15,910,856,121		
Investments at fair value through OCI (Note 8)					
VLLI	**b) Investments in VLLI shares**	**(₱865,039,447)**	**₱2,655,294,999**	**Not held for trading; subject to fair value changes**	**Unsecured; no impairment**
Receivables from related parties					
Ultimate Parent Company	**c) Advances**	**(₱819,486,034)**	**₱–**	**Due and demandable; noninterest-bearing**	**Unsecured; no impairment**
	d) Sale of VLLI shares	**(1,960,071,562)**	**–**	**Due and demandable; noninterest-bearing**	**Unsecured; no impairment**
	e) Dividend Income	**(1,854,060)**	**–**		
Entities under common control	**c) Advances**	**2,779,557,596**	**2,779,557,596**	**Due and demandable; noninterest-bearing**	**Unsecured; no impairment**
			₱2,779,557,596		
Payables to parent company					
VLLI	**c) Advances**	**₱1,698,437,238**	**(₱31,039,458,580)**	**Due and demandable; noninterest-bearing**	**Unsecured**
	f) Dividend	**(119,835,402)**	**–**	**–**	**–**
			(₱31,039,458,580)		
Lease liabilities (Note 25)					
Ultimate parent company	**e) Rental of parcels of land**	**(₱8,021,992)**	**(₱253,657,922)**	**Scheduled lease payments**	**Unsecured**
Entities under common control	**e) Rental of parcels of land**	**(322,482,418)**	**(1,904,559,997)**	**Scheduled lease payments**	**Unsecured**
			(₱2,158,217,919)		
Dividends payable (Note 16)					
Other stockholders	**f) Dividend**	**(₱13,973,360)**	**(₱275,118)**	**Due and demandable; noninterest-bearing**	**Unsecured**

December 31, 2020

	Nature of Transaction	Volume	Receivable (Payable)	Terms	Conditions
Receivables from tenants (Note 9)					
Ultimate Parent Company	a) Rental of office spaces	(₱2,216,544)	₱758,727	Noninterest-bearing	Unsecured; no impairment
VLLI	a) Rental of office spaces	(1,694,817)	9,645,189	Noninterest-bearing	Unsecured; no impairment
Entities under common control	a) Rental of commercial spaces	(5,372,041,428)	9,292,199,994	Noninterest-bearing	With guarantee from Fine Properties Inc., no impairment
			₱9,302,603,910		
Investments at fair value through OCI (Note 8)					
VLLI	b) Investments in VLLI shares	(₱2,294,235,056)	₱3,520,334,446	Not held for trading; subject to fair value changes	Unsecured; no impairment

(Forward)

	Nature of Transaction	Volume	Receivable (Payable)	Terms	Conditions
Receivables from related parties					
Ultimate Parent Company	c) Advances	(₱73,084,182)	₱819,486,034	Due and demandable; noninterest-bearing	Unsecured; no impairment
	d) Sale of VLLI shares	–	1,960,071,562	Due and demandable; noninterest-bearing	Unsecured; no impairment
	f) Dividend	(1,792,096)	–		
			₱2,779,557,596		
Payables to parent company					
VLLI	c) Advances	(₱1,491,183,043)	(₱29,460,856,744)	Due and demandable; noninterest-bearing	Unsecured
	f) Dividend	(116,113,805)	–	–	–
			(₱29,460,856,744)		
Lease liabilities (Note 25)					
Ultimate parent company	e) Rental of parcels of land	(₱11,738,253)	(₱245,635,931)	Scheduled lease payments	Unsecured
Entities under common control	e) Rental of parcels of land	(103,088,788)	(1,582,077,579)	Scheduled lease payments	Unsecured
			(₱1,827,713,510)		
Dividends payable (Note 16)					
Other stockholders	f) Dividend	(₱13,559,828)	(₱275,118)	Due and demandable; noninterest-bearing	Unsecured

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 ₱7,319.11 million and ₱15,910.86 million, respectively, as of December 31, 2021, ₱5,370.46 million and ₱9,302.60 million, respectively, as of December 31, 2020. 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., and CM Star Management, Inc. AllValue Group is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings. The lease agreements are renewable and contains escalation clauses.

   Rental income and receivables from All Value Group including the effect of future lease rate escalation amounted to ₱7,091.75 million and ₱14,943.95 million, respectively, as of December 31, 2021 and ₱1,573 million and ₱9,690.37 million, respectively, as of December 31, 2020. 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 ₱3,134.63 million and ₱4,377.23 million, respectively, as of December 31, 2021 and ₱3,250.15 million and ₱1,418.91 million, respectively, as of December 31, 2020. 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 without the effect of future escalation amounting to ₱1,079.46 million and ₱1,239.52 million are guaranteed by Fine Properties, Inc. as of December 31, 2021 and 2020, respectively. The guaranteed amount in 2021 excludes those rent receivables pertaining to AllHome Corp.

As discussed in Note 9, certain related party tenants which are entities under common control requested to terminate certain lease contracts in various malls in 2021 and 2020. Accrued rent receivable from anchor tenants from straight-lining of rental income of ₱38.81 million and ₱1,569.91 million was reversed against rental income for the year ended December 31, 2021 and 2020, 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, 2021 and 2020 amounted to ₱11.70 million and ₱975.17 million, respectively.

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.

b) In 2016, MC invested in 752.21 million shares of VLLI at ₱7.15 per share amounting to ₱5,378.29 million. Investment in VLLI is recorded as investment in quoted equity securities carried at fair value through OCI by the Group.

c) The Group in its regular conduct of business has entered into transactions with ultimate parent company, parent company and other related parties control principally consisting of noninterest bearing advances for working capital requirements and capital expenditures which are due and demandable. The Group's policy is to settle its intercompany receivables and payables on a net basis.

d) In May 2013, the Group sold the remaining 399,397,000 shares of its investments in VLLI, with a carrying amount of ₱1,906.22 million, for a total consideration of ₱2,772.30 million to Fine Properties Inc. The outstanding receivables in relation to sale of VLLI shares as at December 31, 2019 and 2018 amounted to ₱1,960.07 million. This is noninterest bearing receivables that is due and demandable.

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.

In addition, the Parent Company served as the guarantor for the following borrowings entered into by its related parties which the Parent Company unconditionally and irrevocably guaranteed.

No fees are charged for these guarantee agreements. The Parent Company assessed that the expected credit loss from its guaranteed obligation of VLLI and VII is nil. Therefore, the obligation related to the guarantee extended by the Parent Company is nil

A. Dollar Denominated Bonds

a. US$220.00 million Notes (Due July 2027)
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, 2021, outstanding balance of the note amounted to US$168.42 million (₱8,887.39 million).

On June 1, 2021, VII issued an additional US$50.00 million unsecured note, with similar terms and conditions as the above notes.

As of December 31, 2021, outstanding balance of the note amounted to US$49.54 million (₱2,620.38 million).

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, 2021 and 2020, outstanding balance of the note amounted to US$197.99 million (₱10,097.07 million) and US$198.07 million (₱9,511.86 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, 2021, and 2020, outstanding balance of the note amounted to US$345.42 million (₱17,616.19 million) and US$343.81million (₱16,510.73 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, 2021, and 2020, outstanding balance of note amounted to US$243.94 million (₱12,440.81 million) and US$240.47 million (₱11,547.94 million), respectively.

On February 2, 2016, VII issued additional USD$125.00 million bonds with the same terms and conditions with the above note. On September 29, 2016, VII repurchased US$54.54 million out of the US$425.00 million notes outstanding balance prior to the repurchase date. As of December 31, 2021, and 2020, outstanding balance of note amounted to US$124.97 million (₱6,373.55 million) and US$124.87 million (₱5,996.60 million), respectively.

B. Corporate Note Facility

a. ₱15,000.00 million Corporate Notes
On July 15, 2019, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2024 amounting to ₱14,500.00 million at a fixed rate of 6.77% per annum, payable quarterly.

On October 17, 2019, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2024, at a fixed interest of 6.77% per annum, payable quarterly.

As of December 31, 2021, and 2020, the outstanding balance of the Corporate Notes is ₱10,264.44 million and ₱13,973.50 million, respectively.

b. ₱8,200.00 million Corporate Notes
On July 11, 2018, VLLI entered into a Corporate Notes Facility Agreement for the issuance of a long term corporate notes consisting of Seven-Year Corporate Notes due 2025 amounting to ₱1,700.00 million and Ten-Year Corporate Notes due 2028 amounting to ₱6,000.00 million at a fixed rate of 7.7083% per annum, payable quarterly.

On July 25, 2018, an additional issuance of Corporate Notes was made in the amount of ₱500.00 million due 2025, at a fixed interest of 7.4985% per annum.

As of December 31, 2021, and 2020, the outstanding balance of the Corporate Notes is ₱5,830.13 million and ₱6,847.66 million, respectively.

c. ₱10,000.00 million Corporate Notes
On December 28, 2016, VLLI entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes with a principal amount of up to ₱8,000.00 million. On April 21, 2017, a consent solicitation was made for amendments to include among others, increasing the Corporate Notes principal amount to up to ₱10,000.00 million in respect to the second drawdown. Such amendments were consented by Note Holders representing at least fifty one percent (51%) of the outstanding Corporate Notes.

On April 27, 2017, VLLI made such amendments to the Corporate Note Facility dated December 28, 2016. The first drawdown was at ₱5,150.00 million in 2016. On May 3, 2017, VLLI made its second drawdown at ₱4,850.00 million, payable quarterly.

As of December 31, 2021, and 2020, the outstanding balance of the Corporate Note is ₱8,956.32 million and ₱9,148.55 million, respectively.

C. Peso-denominated Loan

a. ₱2,500.00 million Loan
In May 2021, the Parent 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, 2021, the outstanding balance of the peso denominated loan is ₱2,488.96 million.

b. ₱5,000.00 million Loan
On March 2020, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.89%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments commencing September 2020. As of December 31, 2021, the outstanding balance of the peso denominated loan is ₱3,410.30 million.

c. ₱3,000.00 million Loan
On October 24, 2019, VLLI obtained an additional 5-year unsecured peso denominated loan from a local bank amounting to ₱3,000.00 million. As of December 31, 2021 and 2020, the outstanding balance of the peso denominated loan is ₱1,578.95 million and ₱2,210.53 million, respectively.

d. ₱2,000.00 million Loan
On May 6, 2019, VLLI obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million. As of December 31, 2021 and 2020, the outstanding balance of the peso denominated loan is ₱994.05 million and ₱1,388.14 million, respectively.

e. ₱2,000.00 million Loan
On November 16, 2018, VLLI obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million. As of December 31, 2021 and 2020, the outstanding balance of the peso denominated loan is ₱1,000.00 million and ₱1,500.00 million, respectively.

f. ₱2,000.00 million Loan
On October 3, 2018, VLLI obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million. As of December 31, 2021 and 2020, the outstanding balance of the peso denominated loan is ₱996.05 million and ₱1,490.80 million.

Key Management Personnel Compensation
The compensation of key management personnel by benefit type follows:

	2021	2020	2019
Short-term employee benefits	**₱25,706,288**	₱18,553,354	₱21,393,009
Post-employment benefits	**12,407,871**	9,349,045	11,809,991
	₱38,114,159	₱27,902,399	₱33,203,000

21. Earnings Per Share and Noncontrolling Interest

The following table presents information necessary to compute the EPS:

	2021	2020	2019
Net profit attributable to equity holders of Parent Company	**₱4,407,214,416**	₱2,720,306,780	₱2,626,326,397
Weighted average common shares	**8,425,981,156**	8,425,981,156	8,425,981,156
Basic/Diluted EPS	**₱0.523**	₱0.323	₱0.312

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, 2021, 2020 and 2019.

The summarized financial information of Manuela Corporation is provided below. The information is based on amounts before inter-company eliminations.

Manuela Corporation

	2021	2020	2019
Assets	**₱20,053,931,039**	₱18,511,080,448	₱20,725,441,937
Liabilities	**7,783,247,753**	5,704,297,717	5,868,775,933
Equity	**12,270,683,286**	12,806,782,731	14,856,666,004
Net income	**319,437,737**	248,722,989	616,283,597
Other comprehensive (loss) income	**865,039,447**	(2,298,606,263)	1,744,389,339

As of December 31, 2021, 2020 and 2018, the accumulated balances of and net income attributable to non-controlling interests follows:

	2021	2020	2019
Accumulated balances	**₱155,495,913**	₱156,294,916	₱117,579,880
Net income	**484,123**	373,084	10,107,051
Other comprehensive income (loss)	**(1,283,126)**	(3,061,712)	38,715,036

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 3.13% to 6.25% in 2021 and 3.29% to 4.36% in 2020 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 2.56% to 5.31% in 2021 and 5.41% in 2020 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, 2021 and 2020:

	December 31, 2021				
	Carrying Value	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets					
Financial assets measured at fair value (Note 8):					
Investments at FVTPL	**₱26,871,612**	**₱26,871,612**	**₱–**	**₱–**	**₱26,871,612**
Investments at FVOCI	**2,655,294,999**	**2,655,294,999**	**–**	**–**	**2,655,294,999**
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loans (Note 14)	**2,008,373,085**	**–**	**–**	**2,059,455,930**	**2,059,455,930**
Liabilities for purchased land (Notes 12 and 15)	**381,532,136**	**378,028,092**	**–**	**–**	**378,028,092**
Retention payable (Notes 12 and 15)	**551,633,700**	**506,847,079**	**–**	**–**	**506,847,079**

	December 31, 2020				
	Carrying Value	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets					
Financial assets measured at fair value (Note 8):					
Investments at FVTPL	₱22,264,152	₱22,264,152	₱–	₱–	₱22,264,152
Investments at FVOCI	3,520,334,446	3,520,334,446	–	–	3,520,334,446
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loans (Note 14)	2,972,166,317	–	–	3,075,538,982	3,075,538,982
Liabilities for purchased land (Notes 12 and 15)	307,920,487	262,903,742	–	–	262,903,742
Retention payable (Notes 12 and 15)	990,083,563	945,948,522	–	–	945,948,522

In 2021 and 2020, 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 interest rate risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk
The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into fixed rate debts.

The table below shows the financial assets and liabilities that are interest-bearing:

	December 31, 2021		December 31, 2020	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Financial assets				
Fixed rate				
Cash* (Note 7)	**0.10% to 1.15%**	**₱234,220,267**	0.10% to 1.52%	₱163,831,500
Short-term cash investments (Note 8)	**3.00% to 3.25%**	**7,322,080**	3.00% to 3.25%	7,496,416
Restricted cash (Note 11)	**3.13% to 6.25%**	**280,715,024**	3.13% to 6.25%	289,185,058
		₱522,257,371		₱460,512,974
Financial liabilities				
Fixed rate				
Bank loans (Note 14)	**2.59% to 5.78%**	**₱2,008,373,085**	7.08% to 9.73%	₱2,972,166,317
Lease liabilities	**5.55% to 10.75%**	**6,638,539,279**	5.55% to 10.75%	3,736,678,687
		₱8,646,912,364		₱6,708,845,004

**Excluding cash on hand*

As of December 31, 2021 and 2020, the Group's leasing income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily from receivables from tenants and from its investing activities primarily from short-term cash investments with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Receivables are regularly monitored.

With respect to credit risk arising from the other financial assets of the Group, which are comprised of cash in banks, short-term cash investments, receivables from 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/or guaranteed by Fine Properties, Inc., the ultimate parent company.

Credit risk arising from receivable from third party tenants is primarily managed through a screening of tenants based on credit history and financial information submitted. Tenants are required to pay security deposits equivalent to 3-months lease payment to cover any defaulting amounts and advance rentals also equivalent to 3-month rent.

Credit risk arising from receivable from related party tenants, aside from the same terms of security deposits and advance rent, is minimal due to the guarantee provided by Fine Properties, Inc., the ultimate parent company.

Credit risk arising from receivables from related parties is minimal as they have a low risk of default and have a strong capacity to meet their contractual cash flows in the near term.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk as of December 31, 2021 and 2020 is equal to the carrying values of its financial assets.

As of December 31, 2021 and 2020, the credit quality per class of financial assets is as follows:

	2021					
	Neither Past Due nor Impaired					
	High Grade	**Standard**	**Substandard Grade**	**Past due but not Impaired**	**Impaired**	**Total**
Cash in banks	**₱234,220,267**	**₱–**	**₱–**	**₱–**	**₱–**	**₱234,220,267**
Short-term cash investments	**7,332,080**	–	–	–	–	**7,332,080**
Investment at FVTPL	**26,871,612**					**26,871,612**
Investment at FVOCI	**2,655,294,999**	–	–	–	–	**2,655,294,999**
Receivables from tenants and accrued rent receivable	**12,304,793,180**	–	–	**4,090,898,345**	**434,346,437**	**16,830,037,962**
Other receivables[1]	–	–	–	**51,970,903**	–	**51,970,903**
Restricted cash	**280,715,024**	–	–	–	–	**280,715,024**
Receivable from related parties	**2,779,557,596**			–	–	**2,779,557,596**
	₱18,288,784,758	**₱–**	**₱–**	**₱4,142,869,248**	**₱434,346,437**	**₱20,086,442,847**

[1]Net of other receivables which are nonfinancial assets amounting to ₱8,458,678.

	2020					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash in banks	₱164,362,000	₱–	₱–	₱–	₱–	₱164,362,000
Short-term cash investments	7,496,416	–	–	–	–	7,496,416
Investment at FVTPL	22,264,152					22,264,152
Investments at FVOCI	3,520,334,446	–	–	–	–	3,520,334,446
Receivables from tenants and accrued rent receivable	6,794,907,962	–	–	3,375,820,591	124,869,673	10,295,598,226
Other receivables[1]	–	–	–	56,522,963	–	56,522,963
Restricted cash	289,185,058	–	–	–	–	289,185,058
Receivable from related parties	2,779,557,596			–	–	2,779,557,596
	₱13,578,107,630	₱–	₱–	₱3,421,757,530	₱135,455,697	₱17,135,320,857

[1]Net of other receivables which are nonfinancial assets amounting to ₱10,956,241.

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, 2021 and 2020, the aging analyses of the Company's receivables are as follow:

	2021						
		Past due but not impaired					
	Current	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Impaired**	**Total**
Accrued rent receivable	**₱10,677,861,332**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,677,861,332**
Receivables from tenants	**1,626,931,848**	**96,705,646**	**–**	**124,561,717**	**3,869,630,982**	**434,346,437**	**6,152,176,630**
Installment contracts receivables	**–**	**–**	**–**	**–**	**51,970,903**	**–**	**51,970,903**
Receivables from related parties	**–**	**–**	**–**	**–**	**2,779,557,596**	**–**	**2,779,557,596**

	2020						
		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	₱6,783,889,238	₱–	₱–	₱–	₱–	₱–	₱6,783,889,238
Receivables from tenants	11,018,724	136,995,086	–	150,746,602	3,088,078,903	124,869,673	3,511,708,988
Installment contracts receivables	–	–	–	–	56,522,963	–	56,522,963
Receivables from related parties	–	–	–	–	2,779,557,596	–	2,779,557,596

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 ₱308.66 million in 2021 and ₱82.16 million in 2020.

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 2021 and 2020.

<u>Maturity Profile of Financial Liabilities</u>
The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2021 and 2020 based on undiscounted contractual payments, including interest payable.

	December 31, 2021				
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans (Note 14)	**₱–**	**₱231,463,516**	**₱1,549,695,805**	**₱343,539,869**	**₱2,124,699,190**
Lease liabilities (Note 25)	**–**	**99,853,878**	**322,831,438**	**14,762,850,576**	**15,185,535,892**
Accounts and other payables* (Notes 12 and 15)	**275,118**	**3,409,819,388**	**1,350,956,457**	**885,933,108**	**5,646,984,071**
Payable to VLLI (Note 20)	**31,039,458,580**	**–**	**–**	**–**	**31,039,458,580**
	₱31,039,733,698	**₱3,741,136,782**	**₱3,223,483,700**	**₱15,992,323,553**	**₱53,996,677,733**

**Excluding deferred output VAT, other payables, noncurrent portion of security deposits and noncurrent portion of advance rent*

	December 31, 2020				
	On Demand	1 to 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans (Note 14)	₱–	₱329,174,166	₱627,552,188	₱2,599,038,109	₱3,555,764,463
Lease liabilities (Note 25)	–	99,964,511	312,849,419	10,208,062,624	10,620,876,554
Accounts and other payables* (Notes 12 and 15)	275,118	3,330,671,927	734,355,854	1,267,306,581	5,332,609,480
Payables to VLLI (Note 20)	29,460,856,744	–	–	–	29,460,856,744
	₱29,461,131,862	₱3,759,810,604	₱1,674,757,461	₱14,074,407,314	₱48,970,107,241

**Excluding deferred output VAT, other payables, noncurrent portion of security deposits and noncurrent portion of advance rent*

25. Leases

The Group as a Lessor

The Group has entered into non-cancellable property leases on its investment property portfolio, consisting of retail mall spaces and BPO commercial centers which generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2021 and 2020 follow:

	2021	2020
Within one year	**₱3,780,653,468**	₱3,819,806,933
More than 1 year to 2 years	**4,059,998,459**	3,658,922,479
More than 2 years to 3 years	**4,470,393,011**	3,841,860,340
More than 3 years to 4 years	**4,961,437,506**	4,242,033,569
More than 4 years to 5 years	**5,378,881,575**	4,736,492,451
More than five years	**62,488,888,073**	67,781,428,987
	₱85,140,252,092	₱88,080,544,759

Rental income included in the consolidated statements of comprehensive income for the years ended December 31, 2021, 2020 and 2019 amounted to ₱8,836.17 million, ₱6,843.50 million, and ₱6,730.45 million, respectively.

Contingent rent included in rental income for the years ended December 31, 2021, 2020 and 2019 amounted to ₱1,241.22 million, ₱1,342.60 million, and ₱1,899.60 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 year ended December 31, 2021 and 2020 amounted to ₱185.28 million and ₱1,478.44 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.

In 2021 and 2020, the group as Lessee received rent concession amounting to nil and ₱15.25 million, respectively.

The following are the amounts recognized in consolidated statement of comprehensive income:

	2021	2020
Depreciation expense of right-of-use assets included in investment properties	**₱208,134,667**	₱200,001,046
Interest expense on lease liabilities	**400,753,546**	390,674,379
Expenses relating to short-term leases (included in operating expenses)	**8,168,458**	1,915,174
Expenses relating to leases of low-value assets (included in operating expenses)	–	131,095
Total amount recognized in statement of comprehensive income	**₱617,056,671**	₱592,721,694

The rollforward analysis of lease liabilities follows:

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	**₱3,736,678,687**	₱4,015,878,723
Additions and lease modification	**2,883,567,835**	187,295,437
Terminations	–	(528,417,878)
Interest expense (Note 18)	**403,269,266**	390,674,379
Payments	**(384,976,509)**	(328,751,974)
Balance at the end of the year	**6,638,539,279**	3,736,678,687
Less current portion	**422,685,317**	62,694,367
Noncurrent portion	**₱6,215,853,962**	₱3,673,984,320

On July 2, 2021, the Group and one of the lessors amended the lease contract covering parcels of land where one of the Group's commercial buildings is situated by extending the lease period and amending the lease rates. The lease modification did not result in a separate lease and the Group remeasured the lease liability based on the amended lease period and lease rates and recognized the difference between the carrying amount of the modified lease liability and the carrying amount of the lease liability immediately before the modification as an adjustment to the right-of-use asset.

On September 30, 2020, the Group terminated two lease contracts with third party lessors covering parcels of land previously used as open space parking facility. This resulted to reversal of the related right-of-use asset and lease liability and gain on pre termination amounting to ₱74.16 million presented under other operating income in the consolidated statements of comprehensive income.

The Group has no lease contract that contains variable payments. The Group's fixed payments amounted to ₱393.14 million and ₱330.80 million in 2021 and 2020, 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, 2021	December 31, 2020
Within 1 year	**422,685,316**	₱412,813,930
More than 1 year to 2 years	**462,046,517**	425,764,525
More than 2 years to 3 years	**486,579,414**	441,693,861
More than 3 years to 4 years	**521,740,113**	461,402,459
More than 4 years to 5 years	**554,523,335**	469,047,115
More than 5 years	**12,737,961,197**	8,410,154,664
	₱15,185,535,892	₱10,620,876,554

26. **Notes to Consolidated Statements of Cash Flows**

Details of the movement in cash flows from financing activities follow:

			Non-cash Change						
	December 31, 2020	**Cash Flows**	**Amortization of debt issue cost**	**Lease liabilities**	**Declaration of dividends**	**Receivable from ultimate parent company**	**Payable to parent company**	**Interest and other financing charges (including capitalized borrowing cost)**	**December 31, 2021**
Payables to related parties (Note 20)	**₱29,460,856,744**	**1,458,473,267**	**₱–**	**₱–**	**₱–**	**₱–**	**₱120,128,569**	**₱–**	**₱31,039,458,580**
Dividends payable	**275,118**	**(14,007,543)**	**–**	**–**	**135,990,172**	**(1,854,060)**	**(120,128,569)**	**–**	**275,118**
Bank loans (Note 14)	**2,972,166,317**	**(965,224,278)**	**1,431,046**	**–**	**–**	**–**	**–**	**–**	**2,008,373,085**
Interest payable (Note 12)	**29,740,073**	**(228,434,256)**	**(1,431,046)**	**–**	**–**	**–**	**–**	**218,034,562**	**17,909,333**
Lease liabilities (Note 25)	**3,736,678,687**	**(382,460,789)**	**–**	**2,883,567,835**	**–**	**–**	**–**	**400,753,546**	**6,638,539,279**
Total liabilities from financing activities	**₱36,199,716,939**	**(131,653,599)**	**₱–**	**2,883,567,835**	**₱135,990,172**	**(₱1,854,060)**	**₱–**	**₱618,788,108**	**₱39,704,555,395**

			Non-cash Change						
	December 31, 2019	Cash Flows	Amortization of debt issue cost	Lease liabilities	Declaration of dividends	Receivable from ultimate parent company	Payable to parent company	Interest and other financing charges (including capitalized borrowing cost)	December 31, 2020
Payables to related parties (Note 20)	₱27,853,559,896	₱1,491,183,043	₱–	₱–	₱–	₱–	₱116,113,805	₱–	₱29,460,856,744
Dividends payable	275,118	(13,559,828)	–	–	131,465,729	(1,792,096)	(116,113,805)	–	275,118
Bank loans (Note 14)	4,297,673,326	(1,328,366,778)	2,859,769	–	–	–	–	–	2,972,166,317
Interest payable (Note 12)	38,933,263	(175,457,893)	(2,859,769)	–	–	–	–	169,124,472	29,740,073
Lease liabilities (Note 25)	4,015,878,723	(328,751,973)	–	(341,122,441)	–	–	–	390,674,378	3,736,678,687
Total liabilities from financing activities	₱36,206,320,326	₱(354,953,429)	₱–	₱(341,122,441)	₱131,465,729	(₱(1,792,096)	₱–	₱559,798,850	₱36,199,716,939

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 ₱4.61 million and ₱7.40 million in 2021 and 2020, respectively. Recognition of unrealized fair value loss of investment held at fair value through OCI amounting to ₱865.04 million and ₱2,294.24 million in 2021 and 2020, respectively.
b) Recognition of additions in right-of-use asset and lease liability amounting to ₱2,883.57 million and ₱193.92 million in 2021 and 2020, respectively.
c) Application of dividends against outstanding receivable from and payable to VLLI amounting ₱ 1.85 million and ₱1.79 million as of December 31, 2021 and 2020, respectively.
d) As at December 31, 2021 and 2020, unpaid investment properties amounted to ₱501.73 million and ₱1,699.97 million, respectively.
e) As at December 31, 2021 and 2020, unpaid property and equipment amounted to ₱4.69 million and ₱4.86 million, respectively.
f) As at December 31, 2021 and 2020, the Group applied creditable withholding taxes amounting to ₱63.91 million and ₱96.61 million, respectively.

27. **Other Matters and Subsequent Events**

Impact of the recent Coronavirus situation
The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Parent Company's business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that they impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

The Parent Company is continuously evaluating potential impact of the pandemic to its financial assets including the assumptions in the calculation of the expected credit losses and existence of any impairment indicators to its nonfinancial assets.

The Parent Company is closely monitoring the situation and the changes in target market's behavior, as a result of the "new normal".

Vista REIT Formation Transactions
In contemplation of the Proposed Initial Public Offering of a REIT by Vista One, Inc. (VOI), a subsidiary owned by the Intermediate Parent Company at 98.94% as of December 31, 2021, and in compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, VOI entered into and implemented the REIT Formation Transactions as follows:

Amendment of the Articles of Incorporation and By-Laws of VOI
On February 7, 2022, at least a majority of the Board of Directors (BOD) and the stockholders owning at least two- thirds (2/3) of the outstanding capital stock of VOI approved to increase its authorized capital stock to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share.

The increase in VOI's authorized capital stock from ₱2,000,000,0000 divided into 2,000,000,000 shares with par value of ₱1.00 per share to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share was approved by the SEC on March 14, 2022.

On March 16, 2022, the BOD approved various amendments to the Articles of Incorporation and By-Laws of VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of VOI as a REIT entity. Such amendments were approved by the SEC on April 18, 2022.

Execution of Property-for-Share Swap Agreement and Deed of Assignment of Leases between the Sponsors and VOI
On February 7, 2022, VOI entered into various Deeds of Assignment and Subscription Agreements with each of MC, MAPI, VRI, CAPI and Communities Pampanga, collectively referred as the Sponsors, for the assignment, transfer, and conveyance by the Sponsors to VOI of 10 community malls, one office building, and 10 commercial and office units with 214 parking slots, excluding the land wherein the malls, office building, and office units are situated, with an aggregate gross lease area of 256,403.95 sqm (collectively, the Assigned Properties) in exchange for the issuance by VOI 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 difference between the issue price and the par value of ₱3,495,000,000 is accounted for as additional paid-in capital (APIC).

Accordingly, the Assigned Properties have a total fair value of ₱35,952,992,730. The difference between the said fair value of the Assigned Properties and the issue price thereof to VOI (i.e., the issue price of the shares issued to the Sponsors in the Property for Share Swap) amounting to ₱25,467,992,730 is accounted for as APIC.

The above transactions resulted to a total APIC of ₱28,962,992,730.

The Assigned Properties consists of Vista Mall Las Piñas (Main), Starmall Las Piñas (Annex), Starmall San Jose Del Monte (SJDM), Vista Mall Pampanga, SOMO - A Vista Mall, Vista Mall Antipolo, Vista Mall General Trias, Vista Mall Tanza, Starmall Talisay - Cebu, Vista Mall Imus, Vista Hub Molino and commercial and office units and parking lots in Vista Hub BGC.

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 VOI were issued by the BIR on April 25-29 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 VOI of all of the Sponsors' rights, title and interests in the Assigned Properties in exchange for VOI's common shares, VOI 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 VOI's common shares in the name of the Sponsors.

Loss from Fire
On January 8, 2022, Starmall Alabang, a profit center of MC, was hit by a fire and caused a damage estimated to be ₱820.73 million, which is equivalent to the carrying amount of the destroyed properties. Mall operations has stopped following the fire incident. Accordingly, MC has filed insurance claim to recover the losses.

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28. **Approval of the Financial Statements**

The consolidated financial statements of the Group as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were authorized for issue by the BOD on May 4, 2022.

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated May 4, 2022. 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
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

May 4, 2022

SGV
Building a better working world

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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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated May 4, 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 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
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

May 4, 2022

VISTAMALLS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2021

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱5,557,491,549
Add: Net income actually earned/realized during the period	
Net income during the period closed to retained earnings	128,291,594
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/joint venture	–
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	–
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	(4,607,460)
Fair value adjustment of Investment Property resulting to gain	–
Adjustment due to deviation from PFRS/GAAP-gain	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	–
Adjustment due to deviation from PFRS/GAAP-loss	–
Loss on fair value adjustment of investment property (after tax)	–
Net income actually earned during the period	123,684,134
Add (Less):	
Dividend declarations during the period	(135,990,172)
Appropriations of retained earnings during the period	–
Reversals of appropriations	–
Effects of prior period adjustments	–
Treasury shares	–
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	₱5,545,185,511

VISTAMALLS, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2021

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	₱234,220,267	₱234,220,267	₱1,370,036
Short-term cash investments	N/A	7,322,080	7,322,080	343,619
Accounts receivables from tenants and accrued rent receivable	N/A	16,830,037,962	16,830,037,962	277,658
Installment contracts receivables	N/A	51,970,903	51,970,903	–
Receivable from related parties	N/A	2,779,557,596	2,779,557,596	–
Investments in mutual funds	N/A	26,871,612	26,871,612	–
Investments in quoted equity shares (VLL)	N/A	2,655,294,999	2,655,294,999	–
Restricted cash	N/A	280,715,024	280,715,024	2,238,375
Total financial assets		₱22,865,990,443	₱22,865,990,442	₱4,229,688

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, 2021

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	₱51,679,320	₱128,917,561	(₱139,513,381)	₱–	₱41,083,500	₱–	₱41,083,500

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, 2021

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.	₱34,474,588,288	₱3,300,681,890	(₱1,921,570,307)	₱–	₱35,853,699,871	₱–	₱35,853,699,871
Manuela Corporation	7,049,277,945	938,641,908	(844,195,952)	–	7,143,723,901	–	7,143,723,901
Masterpiece Asia Properties, Inc.	(41,523,866,233)	(2,721,184,919)	1,247,627,380	–	(42,997,423,772)	–	(42,997,423,772)

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2021

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date
Bank loan 1	₱2,273,613,392	₱113,681,070	₱–	5.46%	₱113,681,070	Quarterly interest and principal payment	March 2022
Bank loan 2	500,000,000	62,500,000	296,875,000	6.23%	359,375,000	Quarterly interest and principal payment	June 2027
Bank loan 3	4,330,000,000	1,535,317,015		5.75%	1,535,317,015	Quarterly interest and principal payment	July 2022
	₱7,103,613,392	₱1,711,498,085	₱296,875,000		₱2,008,373,085		

See Note 14 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2021

Name of related party	Balance at beginning of period	Balance at end of period
Payable to VLLI	₱29,460,856,744	₱31,039,458,580

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2021

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	₱11,507,766,076	₱11,507,766,076	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	10,097,074,254	10,097,074,254	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	17,616,194,260	17,616,194,260	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	18,814,360,399	18,814,360,399	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	10,264,443,853	10,264,443,853	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	5,830,127,531	5,830,127,531	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	8,956,315,535	8,956,315,535	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc	Bank loans	2,488,958,333	2,488,958,333	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	3,410,303,073	3,410,303,073	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,578,947,368	1,578,947,368	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	944,050,173	944,050,173	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,000,000,000	1,000,000,000	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	996,047,132	996,047,132	Guaranteed principal payments of the securities
		₱93,504,587,987	₱93,504,587,987	

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

DECEMBER 31, 2021

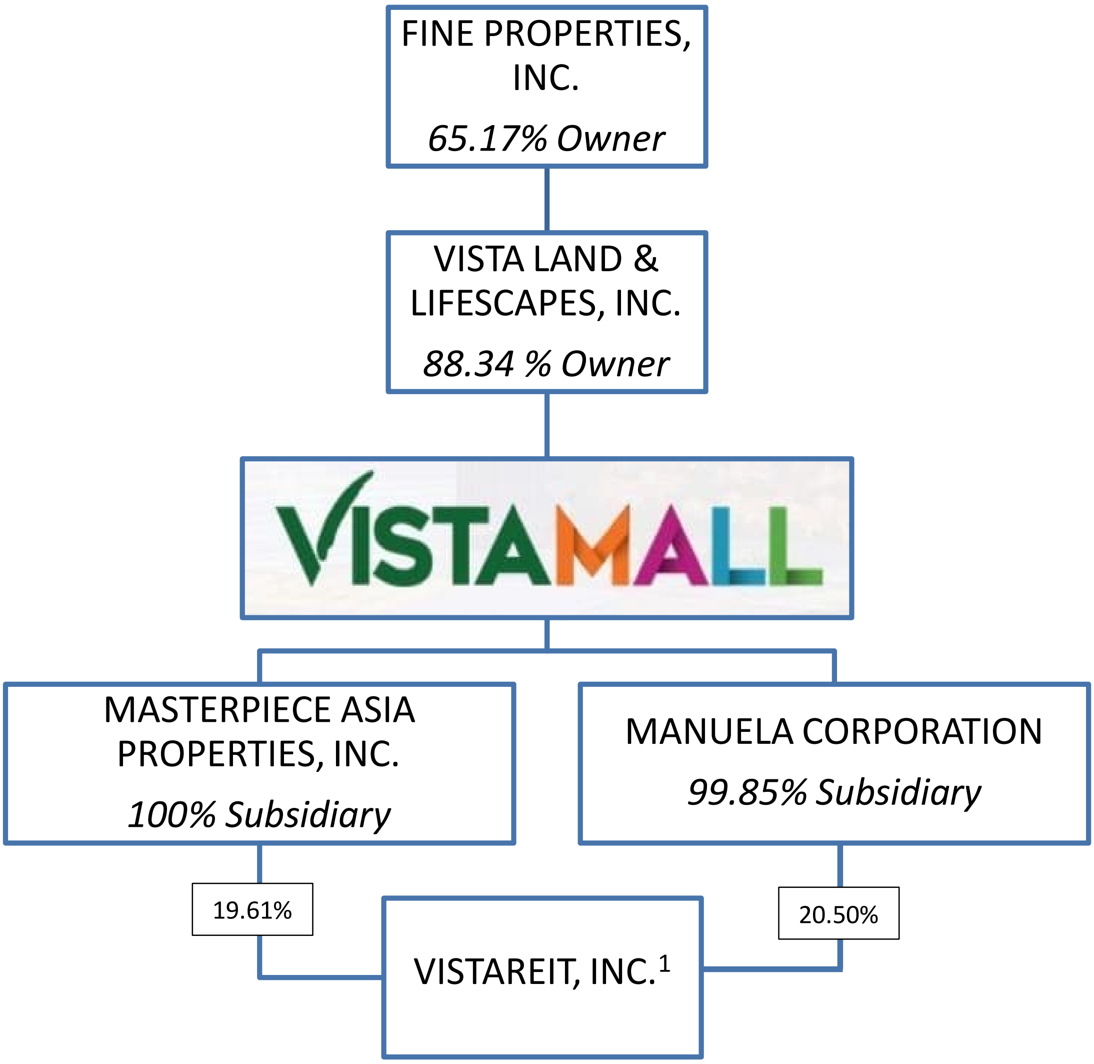
Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱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, 2021.



[1] *Communities Pampanga, Inc., Crown Asia Properties, Inc. and Vista Residences, Inc., wholly-owned subsidiaries of the Parent Company, own 19.61% each. Remaining 1.06% are owned by individual shareholders.*

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTAMALLS, INC. AND SUBSIDIARIES
AS OF DECEMBER 31, 2021, 2020 AND 2019

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2021, 2020 and 2019

		2021	2020	2019
Current ratio	Current assets / Current liabilities	**0.37**	0.33	0.28
Acid test ratio	Quick asset[1] / Current liabilities	**0.36**	0.32	0.27
Solvency ratio	Net income + Depreciation / Total liabilities	**0.12**	0.09	0.09
Debt ratio	Interest bearing debt[2] / Total assets	**0.02**	0.04	0.06
Asset to equity ratio	Total assets / Total equity	**2.70**	2.79	2.70
Interest service coverage ratio	EBITDA / Total interest paid	**34.41**	34.21	17.98
Return on equity	Net income / Total equity	**0.15**	0.10	0.10
Return on assets	Net income / Average total assets	**0.06**	0.03	0.04
Net profit margin	Net income / Net revenue	**0.48**	0.37	0.35

[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, 2021**	December 31, 2020
Current assets	**₱14,196,589,902**	₱11,502,749,445
Current liabilities	**38,833,081,636**	35,020,041,089
Quick asset[1]	**13,894,369,003**	11,200,911,829
Net income + Depreciation	**6,317,712,900**	4,266,251,512
Total liabilities	**50,821,470,182**	47,261,060,270
Interest bearing debt[2]	**2,008,373,085**	2,972,166,317
Total assets	**80,672,044,189**	73,691,776,165
Total equity	**29,850,574,007**	26,430,715,895
EBITDA	**7,772,847,640**	6,002,723,924
Total interest paid	**225,918,536**	175,457,893
Net income	**4,407,698,539**	2,720,679,864
Average total assets	**77,181,910,177**	79,190,948,444
Net revenue	**9,226,069,295**	7,273,069,815

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

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 quarter ended **March 31, 2022**

2. SEC Identification Number **39587**

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

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

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. Industry Classification Code (SEC Use Only)

7. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** **1747**
   Address of Principal Office Postal Code

8. **(63) 2 8571-5948**
   Registrant's telephone number, including area code

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

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

Title of each Class	Number of Shares of common stock outstanding
Common stock	**8,425,981,156 shares**
Preferred stock	**2,350,000,000 shares**

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?
    Yes [x] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange – Common Shares

12. Check whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

TABLE OF CONTENTS

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2022 AND DECEMBER 31, 2021
(In Million Pesos)

	Unaudited 03/31/2022	Audited 2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**446**	235
Short-term cash investment (Note 8)	**7**	7
Investment at fair value through profit or loss (Note 8)	**27**	27
Receivables (Note 9)	**4,813**	7,477
Receivable from ultimate parent company	**2,446**	2,780
Real estate properties for sale	**302**	302
Other current assets (Note 11)	**3,215**	3,368
Total Current Assets	**11,256**	14,196
Noncurrent Assets		
Investments at fair value through other comprehensive income (Note 8)	**2,655**	2,655
Receivables - net of current portion (Note 9)	**12,162**	11,380
Property and equipment	**55**	57
Investment properties (Note 10)	**55,601**	51,897
Investment in associate (Note 8)	**205**	205
Other noncurrent assets (Note 11)	**284**	282
Total Noncurrent Assets	**70,962**	66,476
	82,218	80,672
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 12)	**3,828**	4,292
Security deposits and advance rent	**1,539**	1,351
Payable to parent company	**30,671**	31,039
Income tax payable	**18**	17
Current portion of:		
Bank loans (Note 13)	**1,486**	1,711
Lease liabilities	**423**	423
Total Current Liabilities	**37,965**	38,833
Noncurrent Liabilities		
Bank loans - net of current portion (Note 13)	**281**	297
Lease liabilities - net of current portion	**6,239**	6,217
Pension Liabilities	**64**	64
Deferred tax liabilities – net	**4,940**	4,495
Other non-current liabilities	**1,630**	917
Total Noncurrent Liabilities	**13,154**	11,990
Total Liabilities	**51,119**	50,823
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	**18,724**	17,475
Other Comprehensive Income	**(2,619)**	(2,619)
Total equity attributable to parent company's shareholders	**30,943**	29,694
Non-controlling interest	**156**	155
Total Equity	**31,099**	29,849
	82,218	80,672

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(In Million Pesos)

	Unaudited Jan-Mar Q1 - 2022	**Unaudited Jan-Mar 2022**	Unaudited Jan-Mar Q1 - 2020	Unaudited Jan-Mar 2020
REVENUES				
Rental Income	**2,292**	**2,292**	1,861	1,861
Other Operating Income	**342**	**342**	161	161
	2,634	**2,634**	2,022	2,022
COSTS AND EXPENSES				
Depreciation and Amortization	**421**	**421**	332	332
Other operating and administrative (Note 15)	**355**	**355**	341	341
	776	**776**	673	673
OPERATING PROFIT	**1,858**	**1,858**	1,349	1,349
OTHER INCOME (CHARGES)				
Finance income	-	-	1	1
Finance costs – net	**(154)**	**(154)**	(122)	(122)
	(154)	**(154)**	(121)	(121)
INCOME BEFORE INCOME TAX	**1,704**	**1,704**	1,228	1,228
TAX EXPENSE	**(454)**	**(454)**	(307)	(307)
NET INCOME	**1,250**	**1,250**	921	921
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**1,249**	**1,249**	920	920
Non-controlling interest	**1**	**1**	1	1
	1,250	**1,250**	921	921
Weighted outstanding common shares	**8,426**	**8,426**	8,426	8,426
Basic / Diluted Earnings per share (Note 16)	**0.148**	**0.148**	0.109	0.109

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(In Million Pesos)

	Unaudited Jan-Mar Q1 - 2022	**Unaudited Jan-Mar 2022**	Unaudited Jan-Mar Q1 - 2021	Unaudited Jan-Mar 2021
NET INCOME	**1,250**	**1,250**	921	921
OTHER COMPREHENSIVE INCOME (LOSS)				
Fair value loss on investments at fair value through other comprehensive income	**-**	**-**	(736)	(736)
TOTAL COMPREHENSIVE INCOME	**1,250**	**1,250**	185	185
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**1,249**	**1,249**	184	184
Non-controlling interest	**1**	**1**	1	1
	1,250	**1,250**	185	185
Weighted outstanding common shares	**8,426**	**8,426**	8,426	8,426
Basic/Diluted Earnings per Share (Note 16)	**0.148**	**0.148**	0.022	0.022

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(In Million Pesos)

	Unaudited Jan – Mar 2022	Unaudited Jan – Mar 2021
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	**17,475**	13,204
Net income	**1,250**	921
Dividend declared	**-**	-
Minority interest	**(1)**	(1)
Balance at end of period	**18,724**	14,124
OTHER COMPREHENSIVE INCOME		
Balance at beginning of period	**(2,619)**	(1,769)
Fair value gains (losses)	**-**	(736)
Balance at end of period	**(2,619)**	(2,505)
MINORITY INTEREST		
Balance at beginning of period	**155**	156
Share in net income	**1**	1
MINORITY INTEREST	**156**	157
TOTAL EQUITY	**31,099**	26,614

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(In Million Pesos)

	Unaudited Jan-Mar Q1 - 2022	**Unaudited Jan-Mar 2022**	Unaudited Jan-Mar Q1 - 2021	Unaudited Jan-Mar 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**1,704**	**1,704**	1,228	1,228
Adjustments for:				
Depreciation and amortization	**421**	**421**	332	332
Finance costs	**154**	**154**	122	122
Interest income	**-**	**-**	(1)	(1)
Operating income before changes in operating assets and liabilities	**2,279**	**2,279**	1,681	1,681
Decrease (Increase) in:				
Receivables	**1,882**	**1,882**	(1,177)	(1,177)
Other current assets	**153**	**153**	(41)	(41)
Increase (Decrease) in:				
Accounts and other payables	**(464)**	**(464)**	323	323
Security deposits and advance rent	**188**	**188**	5	5
Cash from operations	**4,038**	**4,038**	791	791
Payment of taxes	**(8)**	**(8)**	(63)	(63)
Interest received	-	-	1	1
Interest paid	**(154)**	**(154)**	(122)	(122)
Net Cash provided by Operating Activities	**3,876**	**3,876**	607	607
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investment properties and property and equipment	**(4,123)**	**(4,125)**	(404)	(404)
Decrease (Increase) in other non-current assets	**(2)**	**(2)**	(130)	(130)
Increase in other liabilities	**713**	**713**	502	502
Net Cash used in Investing Activities	**(3,412)**	**(3,412)**	(32)	(32)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase (Decrease) in payables to related parties – net	**(34)**	**(34)**	(152)	(152)
Payments of bank loans	**(241)**	**(241)**	(242)	(242)
Increase in lease liabilities	**22**	**22**	15	15
Decrease (Increase) in short term cash investment	-	-	7	7
Net Cash provided by (used in) Financing Activities	**(253)**	**(253)**	(372)	(372)
NET INCREASE IN CASH	**211**	**211**	203	203
CASH AT BEGINNING OF PERIOD	**235**	**235**	164	164
CASH AT END OF PERIOD	**446**	**446**	367	367

VISTAMALLS, INC. AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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 (Note 10).

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

2. BASIS OF PREPARATION

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

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

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 March 31, 2022 and December 31, 2021, and for each of the three months in the period ended March 31, 2022 and 2021.

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	
	31- March-22	31-Dec-21
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.

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 March 31, 2022 and December 31, 2021, 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

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. The 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 PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Group adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2021. There is no rent concession received in 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Group adopted the amendments beginning January 1, 2021.

- Adoption of PIC Q&A 2018-12 on Accounting for Common Usage Service Area (CUSA)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry. This includes PIC Q&A No. 2018-12-H which discussed accounting for CUSA charges wherein it was concluded that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12-H for a period of three years or until December 31, 2020. The deferral will only be applicable for real estate transactions.

  The above guidance has no impact to the Group because its accounting policy has been aligned with the guidance since the initial adoption of PFRS 15 in 2018.

Voluntary Change in Accounting Policy
Starting January 1, 2021, considering the experience from the pandemic, management made a comparison of the prevailing practice in the industry and noted that most of the big players in commercial and office spaces leasing are using the simplified approach. Given this, management decided to align its accounting policy with what is prevailing in the industry which resulted in voluntarily changing its accounting policy to measure loss allowance for its lease receivables from general to simplified approach. The Group now measures the loss rate using net flow methodology.

Under the simplified approach, in calculating expected credit loss (ECL), the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for lease receivables, analyzed into third party and related party tenants, that is based on historical credit loss experience and incorporating forward-looking information (called overlays). The change in accounting policy was applied retroactively resulting in additional provision amounting to ₱24.79 million in 2021 and no significant impact for 2020 and 2019.

Management believes that the presentation of the consolidated statement of financial position as at the beginning of the earliest period presented is not necessary as the change in accounting policy has no significant impact on the Group's total assets and total equity as of January 1, 2019. The change in accounting policy did not impact the consolidated statement of cash flows for the years ended December 31, 2020 and 2019.

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, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies,* if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

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

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

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

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

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

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

  The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.
    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 percent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - Amendments to PAS 41, *Agriculture*, *Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

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

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

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

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group is currently assessing the impact of adopting these amendments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current and Noncurrent Classification

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

An asset is current when:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred liabilities are classified as noncurrent liabilities.

Fair Value Measurement

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

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

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

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

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

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

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

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

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

<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.

As discussed above, starting January 1, 2021, the Group used simplified approach method in calculating its ECL for lease receivables from the previous general approach. 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 trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors (i.e. inflation, GDP growth rate) specific to the debtors and the economic environment.

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

The provision matrix is initially based on the 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.

Prior to retroactive adoption of the change in ECL methodology for lease receivables, the Group uses general approach in calculating its ECL. Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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.

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

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

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

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the

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

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

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

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. Investment properties also include right-of-use assets involving real properties.

It is the Group's policy to classify right-of-use assets as part of investment properties. 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	11 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.

Security Deposits

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

Advance Rent

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

Equity

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

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

Revenue Recognition

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

Rental income

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

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

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

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

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.

Other revenue

Other revenue is recognized when earned.

Cost and expenses

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

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.

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.

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

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.

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 March 31, 2022 and December 31, 2021, 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:

Principal versus agent considerations

The contract for the commercial spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the connection to air conditioning system and services in the CUSA, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA and air conditioning charges.

Property lease classification – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases

Assessment on whether lease concessions granted constitute a lease modification

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16. Consequently, this is treated as a variable lease.

The rent concessions granted by the Group for the three months ended March 31, 2022 amounted to ₱135.62 million.

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

Determination of the lease term
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Group determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Group has a lease contract for the land where investment properties are situated that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Accounting for lease modification - the Group as lessee
In 2021, the Group and one of the lessors amended the lease contract covering parcels of land where one of the Group's commercial building is situated by extending the lease period and amending the lease rates. The Group assessed that the lease modification did not result in a separate lease and the Group remeasured the lease liability based on the amended lease period and lease rates and recognized the difference between the carrying amount of the modified lease liability and the carrying amount of the lease liability immediately before the modification as an adjustment to the right-of-use asset. The lease contract further subjects the lease payments starting 2036 to be reviewed by both parties in accordance with certain stipulations in the contract. As such, the Group used the market rate at the date the lease is modified for lease period where lease payments are yet to be agreed.

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

pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

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 effective January 1, 2021 and applied retrospectively. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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

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

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

Considering the above, the Group revisited the expected credit loss exercise as at December 31, 2021 for its receivables.

For receivables from tenants, the PD scenario used in the calculation of ECL were 31% best, 33% base, and 36% worst case probability scenario as of December 31, 2021 and 25% best, 33% base, and 42% worst case probability scenario as of December 31, 2020, respectively, from the previous 33% equal probability of all scenarios as of December 31, 2019. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

Further details are provided in Note 9.

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

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

Further details are provided in Note 10.

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

Further details are provided in Note 10.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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

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

6. SEGMENT INFORMATION

The Group's malls and BPO 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, 2022 and December 31, 2021. These were not treated as a separate segment by the chief operating decision maker for its review, evaluation and allocation of resources.

The Group has operating lease agreements with All Value Holdings, Inc. and Subsidiaries (All Value Group), an entity under common control, which is comprised of AllHome Corporation, AllDay Retail Concepts, Inc, Family Shoppers Unlimited Inc. and CM Star Management, Inc., for the leases of commercial spaces. Revenue earned from All Value Group which is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings constitutes more than 10% of the Group's total revenue in the three months ended March 31, 2022 and 2021.

The leasing operations have no noted significant seasonality in operations.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of March 31, 2022:

Cash on hand and in banks	**₱ 446**

Cash in banks earns interest at the prevailing bank deposit rates. Interest rate ranges from 0.10% to 1.50%, 0.10% to 1.25%, and 0.10% to 1.25% in 2021, 2020 and 2019, respectively.

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 at March 31, 2022, 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	**₱ 27**
Investments at FVOCI	**2,655**
	₱ 2,682

Investment in associate
In 2021, MC and MAPI acquired 20.50% and 19.61% ownership of Vista One, Inc. (VOI) with a total cost of investment amounting to ₱204.50 million consisting of 204,500,000 common shares at ₱1 par value. VOI is 98.84% owned by VLLI as of December 31, 2021.

Vista One, Inc. (the Company or VOI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 24, 2020, primarily to own, manage, operate and engage in the leasing of income-generating real properties such as office buildings, shopping centers, hotels, resorts, residential buildings, condominium buildings, among others and to hold for investment or otherwise, real estate of all kinds, including buildings, apartments and other structures, and to grant loans and/or assume or undertake or guarantee or secure, whether as solidary obligor, surety, guarantor or any other capacity either on its general credit or on the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, the whole or any part of the liabilities and obligations of its parent company, subsidiaries or investee companies or affiliates, without engaging in the business of a financing company or lending investor.

VOI's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona Dos, Las Piñas City.

Below is the financial information on VOI as of December 31, 2021:

Current assets	₱10,075,007
Noncurrent assets	–
Current liabilities	9,763,270
Noncurrent liabilities	–
Revenue	–
Net loss	117,247
Total comprehensive loss	117,247

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

Net assets as at January 1, 2021	₱43,603,255
40.11% Share in Net Asset	204,547,028
40.11% Share in Net income	(47,028)
Carrying value of investment as at December 31, 2021	204,500,000

9. RECEIVABLES

The balance of this account is composed of the following as of March 31, 2022:

Accounts receivable from tenants	**₱ 2,729**
Advances to contractors	**2,420**
Accrued rent receivable	**12,162**
Other receivables	**98**
	17,409
Less allowance for impairment losses	**(434)**
	16,975
Less noncurrent portion	**(12,162)**
	₱ 4,813

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 ₱ 2,292 million and ₱1,861 million for the period ended March 31, 2022 and 2021, 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	**₱ 16,299**
Building and improvements	**29,868**
Construction In Progress	**3,866**
Right-of-use assets	**5,568**
	₱ 55,601

As of December 31, 2021 and 2020, the aggregate fair values of investment properties amounted to ₱107,312.26 million and ₱121,263.79 million, respectively, using Level 3 (significant unobservable inputs).

In 2021 and 2020, the fair values of the investment properties held for leasing were determined by independent professionally qualified appraisers.

In the determination of fair values in 2021 and 2020, market value approach method was used for land, income approach method was used for completed and substantially completed malls and office buildings for rent and cost approach method was used for construction in progress under early stage of construction and right-of-use asset.

The key assumptions used to determine the fair value of the investment properties held for leasing are the estimated rental value per sqm per year, rental growth rate per annum, and discount rate. The discount rate used in the valuation are discount rates range to of 8.10% to 8.69% and 8.67% in 2021 and 2020, respectively. Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties.

Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long-term vacancy rate.

The parcels of land are located in cities and municipalities like Mandaluyong, Las Piñas, Taguig, Naga, Bacoor, Imus, San Jose del Monte, Sta. Rosa, 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 ₱803.56 million and ₱4,547.55 million are used to secure the bank loans of the Group as of March 31, 2022, and December 31, 2021. The fair value of the investment properties used as collateral amounted to ₱2,943.62 million and ₱36,091.7 million under income approach as of March 31, 2022, and December 31, 2021, respectively.

Amortization expense related to right-of- use asset amounted to ₱57.94 million and ₱208.13million for the period ended March 31, 2022 and December 31, 2021, respectively. Right-of-use asset is amortized over a period of 2 to 30 years.

The total contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhances amounted to ₱2,367.28 million and ₱2,353.04 million as of March 31, 2022 and December 31, 2021, respectively.

On January 8, 2022, Starmall Alabang, a profit center of MC, was hit by a fire and caused a damage estimated to be ₱820.73 million, which is equivalent to the carrying amount of the destroyed properties. Mall operations has stopped following the fire incident. Accordingly, MC has filed insurance claim to recover the losses.

11. OTHER ASSETS

This account is composed of the following as of March 31, 2022:

Input VAT	**₱ 2,839**
Restricted cash	**141**
Refundable deposits	**284**
Prepaid expenses	**149**
Creditable Withholding Tax	**69**
Others	**17**
	3,499
Less noncurrent portion	
Refundable deposits	**(284)**
	(284)
	₱3,215

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	**₱ 1,504**
Supplier	**1,077**
Deferred output vat	**665**
Accrued expenses	**188**
Current portion of liabilities for purchased land	**297**
Current portion of retention payable	**87**
Others	**10**
	₱ 3,828

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	**₱ 1,486**
Bank loans - Non current	**281**
	₱ 1,767

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 at March 31, 2022 and December 31, 2021. 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 at March 31, 2022 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 at March 31, 2022:

	Number of Shares Registered	Number of holders of securities as of March 31, 2022
December 31, 2020	8,425,981,156	436
Add/(Deduct) Movement	-	(2)
December 31, 2021	8,425,981,156	434
Add/(Deduct) Movement	-	(1)
March 31, 2022	**8,425,981,156**	**433**

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, 2021, after reconciling items, amounted to ₱5,546.34 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱12,037.14 million, and ₱7,618.41 million in 2021, and 2020, 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 ₱135.99 million or ₱0.0161 per share and ₱131.45 million or ₱0.0156 per share on September 30, 2021 and September 30, 2020, respectively. The dividend declarations are in favor of all stockholders of record as of October 15, 2021 and October 15, 2020, ₱14.01 million and ₱13.54 million of which were paid on October 28, 2021 and October 23, 2020, respectively. The remaining unpaid dividends are lodged under “Payable to VLLI” account.

As at March 31, 2022, unpaid dividends amounted to ₱0.30 million.

15. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

This account consists of:

Occupancy expenses	**₱ 84**
Outside services	**62**
Repairs and maintenance	**25**
Advertising and promotions	**7**
Salaries and employee benefits	**55**
Taxes and licenses	**80**
Others	**42**
	₱ 355

16. EARNINGS PER SHARE

Earnings per share were computed as follows:

Net Profit attributable to parent company’s shareholders	**₱ 1,249**
Divided by weighted outstanding common shares	**8,426**
	₱ 0.148

Total comprehensive income attributable to parent company’s shareholders	**₱ 1,249**
Divided by weighted outstanding common Shares	**8,426**
	₱ 0.148

Diluted earnings per share was not determined since the Group does not have potential dilutive shares as of March 31, 2022.

17. OTHER MATTERS AND SUBSEQUENT EVENTS

Impact of the recent Coronavirus situation

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Parent Company’s business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that they impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

The Parent Company is continuously evaluating potential impact of the pandemic to its financial assets including the assumptions in the calculation of the expected credit losses and existence of any impairment indicators to its nonfinancial assets.

The Parent Company is closely monitoring the situation and the changes in target market's behavior, as a result of the "new normal".

Vista REIT
In contemplation of the Initial Public Offering of a REIT by Vista One, Inc. (VOI), a subsidiary owned by the Intermediate Parent Company at 98.94% as of March 31, 2022, and in compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, VOI 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 VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of VOI 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, VOI expect the SEC to issue the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale. VOI 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. VOI 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.

VOI sets to offer and sale to the public of 2,500,000,000 secondary common shares with an Overallotment Option of up to 250,000,000 secondary common shares at ₱1.75 per share. The shares will be listed and traded on the Main Board of PSE under the trading symbol "VREIT" on June 15, 2022.

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the period ended March 31, 2022 and 2021.

		Mar-31-22	Dec-31-21
Current Ratio	Current assets / Current liabilities	0.30	0.37
Long-term debt-to-equity ratio	Long-term debt[1] / Equity	0.01	0.01
Debt ratio	Interest bearing debt[2] / Total assets	0.06	0.07
Debt to equity ratio	Interest bearing debt / Total equity	0.06	0.07
Net debt to equity	Net debt[3] / Total equity	0.04	0.06
Asset to equity ratio	Total assets / Total equity	2.64	2.70

		Mar-31-22	Mar-31-21
EBITDA to total interest	EBITDA / Total interest	14.80	13.79
Price Earnings Ratio	Market Capitalization[4] / Net Income[5]	5.58	8.70
Asset to liability ratio	Total assets / Total liabilities	1.61	1.55
Net profit margin	Net profit / Sales	0.47	0.46
Return on assets	Net income[5] / Total assets	6.1%	4.9%
Return on equity	Net income[5] / Total equity	16.1%	13.8%
Interest Service Coverage Ratio	EBITDA / Total interest	14.80	13.79

[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, 2022 and 2021

[5] Annualized

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering three months ended March 31, 2022 vs. three months ended March 31, 2021

Revenues

Rental income increased by 23% from ₱1,861 million in the three months ended March 31, 2021 to ₱2,292 million in the period ended March 31, 2021 due to the increase in occupancy and increase in rental rate.

Other operating income decreased by 112% from ₱161 million in the three months ended March 31, 2021 to ₱342 million in the period ended March 31, 2022 due to the increase in other operating income generated from the commercial assets.

Cost and Expenses

Operating expenses increased by 15% from ₱673 million in the three months ended March 31, 2021 to ₱776 million in the period ended March 31, 2022. The decrease was primarily due to the 27% increase in depreciation and 27% increase in taxes and licenses.

Other Income and Expenses

Finance income decreased by 24% from ₱0.5 million in the three months ended March 31, 2021 to ₱0.4 million in the period ended March 31, 2022 due to the lower interest earned from in cash in banks, investments and receivables of the company for the period.

Finance costs increased by 26% from ₱122 million in the period ended March 31, 2021 to ₱154 million in the period ended March 31, 2021. The increase was due to the interest pertaining to the lease liabilities recognized.

Provision for Income Tax

Provision for tax increased by 48% from ₱307 million in the period ended March 31, 2021 to ₱454 million in the period ended March 31, 2022 due to the higher taxable income in the 3-months of 2022.

Net Income

As a result of the foregoing, the Group's net income increased by 36% from ₱921 million in the three months ended March 31, 2021 to ₱1,250 million in the three months ended March 31, 2022.

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. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

Financial Condition as of March 31, 2022 vs. December 31, 2021

Total assets were ₱82,218 million as of March 31, 2022 and ₱80,672 million as of December 31, 2021. The 2% increase is due to the following:

- Cash and cash equivalents increased by 90% from ₱235 million as of December 31, 2021 to ₱446 million as March 31, 2022 due to the increase in cash flow from operations.

- Receivables, including non-current portion decreased by 10% from ₱18,857 million as of December 31, 2021 to ₱16,975 million as of March 32, 2021 mainly due to the decrease in advances to contractors and accrued rent due to PAS 17.

- Investment properties increased by 7% from ₱51,897 million as of December 31, 2021 to ₱55,601 million as of March 31, 2022 primarily due to the additions of land and cost for construction of investment properties for the period.

Total Liabilities as of March 31, 2022 were ₱51,119 million, 1% higher compared to ₱50,823 million as of December 31, 2021. This was due to the following:

- Accounts and other payables decreased by 11% from ₱4,292 million as of December 31, 2021 to ₱3,828 million as of March 31, 2022 due to settlements for the period.

- Security deposits and advance rent increased by 14% from ₱1,351 million as of December 31, 2021 to ₱1,539 million as of March 31, 2022 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.

- Income tax payable increased by 6% from ₱17 million as of December 31, 2021 to ₱18 million as of March 31, 2022 due to higher taxable income.

- Bank loans including non-current portion, decreased by 12% from ₱2,008 million as of December 31, 2021 to ₱1,767 million as of March 31, 2022 due to settlements for the period.

- Deferred tax liabilities - net increased by 10% from ₱4,495 million as of December 31, 2021 to ₱4,940 million as of March 31, 2022 due to additional temporary differences for the period.

- Other noncurrent liabilities increased by 78% from ₱917 million as of December 31, 2021 to ₱1,630 million as of March 31, 2022 due to the increase in the non-current portion of payables to contractors and retention payable.

Total stockholder’s equity increased by 4% from ₱29,849 million as of December 31, 2021 to ₱31,099 million as of March 31, 2022 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	03/31/2022	12/31/2021
Current ratio [(a)]	0.30	0.37
Debt-to-equity ratio [(b)]	0.06	0.07
	03/31/2022	**03/31/2021**
Interest coverage ratio [(c)]	14.80	13.79
EBITDA margin [(d)]	87%	83%
Return on equity [(e)]	16.1%	13.8%

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) *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, 2022 decreased from December 31, 2021 due to the decrease in current assets.

Debt to equity ratio as of March 31, 2022 decreased from that of December 31, 2021 due to settlement of debt for the period.

Interest coverage for the period ended March 31, 2022 increased because of the increase in the company's earnings before interest, income taxes, depreciation and amortization.

EBITDA margin improved for the period ended March 31, 2022 from the prior period due to higher income for the period.

Return on equity increased as a result of improvement in net income for the period.

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

Cash and cash equivalents increased by 90% from ₱235 million as of December 31, 2021 to ₱446 million as March 31, 2022 due to the increase in cash flow from operations.

Receivables, including non-current portion decreased by 10% from ₱18,857 million as of December 31, 2021 to ₱16,975 million as of March 32, 2021 mainly due to the decrease in advances to contractors and accrued rent due to PAS 17.

Investment properties increased by 7% from ₱51,897 million as of December 31, 2021 to ₱55,601 million as of March 31, 2022 primarily due to the additions of land and cost for construction of investment properties for the period.

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Other noncurrent liabilities increased by 78% from ₱917 million as of December 31, 2021 to ₱1,630 million as of March 31, 2022 due to the increase 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, 2022 compared to the three months ended March 31, 2021 (increase/decrease of 5% or more)

Rental income increased by 23% from ₱1,861 million in the three months ended March 31, 2021 to ₱2,292 million in the period ended March 31, 2021 due to the increase in occupancy and increase in rental rate.

Other operating income decreased by 112% from ₱161 million in the three months ended March 31, 2021 to ₱342 million in the period ended March 31, 2022 due to the increase in other operating income generated from the commercial assets.

Operating expenses increased by 15% from ₱673 million in the three months ended March 31, 2021 to ₱776 million in the period ended March 31, 2022. The decrease was primarily due to the 27% increase in depreciation and 27% increase in taxes and licenses.

Finance income decreased by 24% from ₱0.5 million in the three months ended March 31, 2021 to ₱0.4 million in the period ended March 31, 2022 due to the lower interest earned from in cash in banks, investments and receivables of the company for the period.

Finance costs increased by 26% from ₱122 million in the period ended March 31, 2021 to ₱154 million in the period ended March 31, 2021. The increase was due to the interest pertaining to the lease liabilities recognized.

Provision for tax increased by 48% from ₱307 million in the period ended March 31, 2021 to ₱454 million in the period ended March 31, 2022 due to the higher taxable income in the 3-months of 2022.

The Group's net income increased by 36% from ₱921 million in the three months ended March 31, 2021 to ₱1,250 million in the three months ended March 31, 2022.

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. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

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 2022 Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 3-months of 2022 Financial Statements.

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

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

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

PART II - OTHER INFORMATION

Item 3. 3-months of 2022 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
Adisorn Thananan-Narapool	Director
Cherrylyn P. Caoile	Independent Director
Raul Juan N. Esteban	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

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

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

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

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

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

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

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 2022 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.

None.

E. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None.

F. Changes in contingent liabilities or contingent assets since the last annual balance sheet date.

None.

G. Existence of material contingencies and other material events or transactions during the interim period.

None.

H. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

I. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

J. Material commitments for capital expenditures, general purpose and expected sources of funds.

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, 2022, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the first three months of 2022 financial statements.

L. Significant elements of income or loss that did not arise from continuing operations.

None.

M. Causes for any material change/s from period to period in one or more line items of the financial statements

None.

N. Seasonal aspects that had material effect on the financial condition or results of operations

None.

O. Disclosures not made under SEC Form 17-C.

None.

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 30, 2022

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				
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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

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 quarter ended **March 31, 2022**

2. SEC Identification Number **39587**

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

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

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. Industry Classification Code (SEC Use Only)

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

8. **(63) 2 8571-5948**
   Registrant's telephone number, including area code

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

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

Title of each Class	Number of Shares of common stock outstanding
Common stock	**8,425,981,156 shares**
Preferred stock	**2,350,000,000 shares**

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?
    Yes [x] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange – Common Shares

12. Check whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

TABLE OF CONTENTS

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2022 AND DECEMBER 31, 2021
(In Million Pesos)

	Unaudited 03/31/2022	Audited 2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**446**	235
Short-term cash investment (Note 8)	**7**	7
Investment at fair value through profit or loss (Note 8)	**27**	27
Receivables (Note 9)	**4,813**	7,477
Receivable from ultimate parent company	**2,446**	2,780
Real estate properties for sale	**302**	302
Other current assets (Note 11)	**3,215**	3,368
Total Current Assets	**11,256**	14,196
Noncurrent Assets		
Investments at fair value through other comprehensive income (Note 8)	**2,655**	2,655
Receivables - net of current portion (Note 9)	**12,162**	11,380
Property and equipment	**55**	57
Investment properties (Note 10)	**55,601**	51,897
Investment in associate (Note 8)	**205**	205
Other noncurrent assets (Note 11)	**284**	282
Total Noncurrent Assets	**70,962**	66,476
	82,218	80,672
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 12)	**3,828**	4,292
Security deposits and advance rent	**1,539**	1,351
Payable to parent company	**30,671**	31,039
Income tax payable	**18**	17
Current portion of:		
Bank loans (Note 13)	**1,486**	1,711
Lease liabilities	**423**	423
Total Current Liabilities	**37,965**	38,833
Noncurrent Liabilities		
Bank loans - net of current portion (Note 13)	**281**	297
Lease liabilities - net of current portion	**6,239**	6,217
Pension Liabilities	**64**	64
Deferred tax liabilities – net	**4,940**	4,495
Other non-current liabilities	**1,630**	917
Total Noncurrent Liabilities	**13,154**	11,990
Total Liabilities	**51,119**	50,823
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	**18,724**	17,475
Other Comprehensive Income	**(2,619)**	(2,619)
Total equity attributable to parent company's shareholders	**30,943**	29,694
Non-controlling interest	**156**	155
Total Equity	**31,099**	29,849
	82,218	80,672

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(In Million Pesos)

	Unaudited Jan-Mar Q1 - 2022	**Unaudited Jan-Mar 2022**	Unaudited Jan-Mar Q1 - 2020	Unaudited Jan-Mar 2020
REVENUES				
Rental Income	**2,292**	**2,292**	1,861	1,861
Other Operating Income	**342**	**342**	161	161
	2,634	**2,634**	2,022	2,022
COSTS AND EXPENSES				
Depreciation and Amortization	**421**	**421**	332	332
Other operating and administrative (Note 15)	**355**	**355**	341	341
	776	**776**	673	673
OPERATING PROFIT	**1,858**	**1,858**	1,349	1,349
OTHER INCOME (CHARGES)				
Finance income	-	-	1	1
Finance costs – net	**(154)**	**(154)**	(122)	(122)
	(154)	**(154)**	(121)	(121)
INCOME BEFORE INCOME TAX	**1,704**	**1,704**	1,228	1,228
TAX EXPENSE	**(454)**	**(454)**	(307)	(307)
NET INCOME	**1,250**	**1,250**	921	921
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**1,249**	**1,249**	920	920
Non-controlling interest	**1**	**1**	1	1
	1,250	**1,250**	921	921
Weighted outstanding common shares	**8,426**	**8,426**	8,426	8,426
Basic / Diluted Earnings per share (Note 16)	**0.148**	**0.148**	0.109	0.109

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(In Million Pesos)

	Unaudited Jan-Mar Q1 - 2022	**Unaudited Jan-Mar 2022**	Unaudited Jan-Mar Q1 - 2021	Unaudited Jan-Mar 2021
NET INCOME	**1,250**	**1,250**	921	921
OTHER COMPREHENSIVE INCOME (LOSS)				
Fair value loss on investments at fair value through other comprehensive income	**-**	**-**	(736)	(736)
TOTAL COMPREHENSIVE INCOME	**1,250**	**1,250**	185	185
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**1,249**	**1,249**	184	184
Non-controlling interest	**1**	**1**	1	1
	1,250	**1,250**	185	185
Weighted outstanding common shares	**8,426**	**8,426**	8,426	8,426
Basic/Diluted Earnings per Share (Note 16)	**0.148**	**0.148**	0.022	0.022

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(In Million Pesos)

	Unaudited Jan – Mar 2022	Unaudited Jan – Mar 2021
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	**17,475**	13,204
Net income	**1,250**	921
Dividend declared	**-**	-
Minority interest	**(1)**	(1)
Balance at end of period	**18,724**	14,124
OTHER COMPREHENSIVE INCOME		
Balance at beginning of period	**(2,619)**	(1,769)
Fair value gains (losses)	**-**	(736)
Balance at end of period	**(2,619)**	(2,505)
MINORITY INTEREST		
Balance at beginning of period	**155**	156
Share in net income	**1**	1
MINORITY INTEREST	**156**	157
TOTAL EQUITY	**31,099**	26,614

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(In Million Pesos)

	Unaudited Jan-Mar Q1 - 2022	**Unaudited Jan-Mar 2022**	Unaudited Jan-Mar Q1 - 2021	Unaudited Jan-Mar 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**1,704**	**1,704**	1,228	1,228
Adjustments for:				
Depreciation and amortization	**421**	**421**	332	332
Finance costs	**154**	**154**	122	122
Interest income	**-**	**-**	(1)	(1)
Operating income before changes in operating assets and liabilities	**2,279**	**2,279**	1,681	1,681
Decrease (Increase) in:				
Receivables	**1,882**	**1,882**	(1,177)	(1,177)
Other current assets	**153**	**153**	(41)	(41)
Increase (Decrease) in:				
Accounts and other payables	**(464)**	**(464)**	323	323
Security deposits and advance rent	**188**	**188**	5	5
Cash from operations	**4,038**	**4,038**	791	791
Payment of taxes	**(8)**	**(8)**	(63)	(63)
Interest received	-	-	1	1
Interest paid	**(154)**	**(154)**	(122)	(122)
Net Cash provided by Operating Activities	**3,876**	**3,876**	607	607
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investment properties and property and equipment	**(4,123)**	**(4,125)**	(404)	(404)
Decrease (Increase) in other non-current assets	**(2)**	**(2)**	(130)	(130)
Increase in other liabilities	**713**	**713**	502	502
Net Cash used in Investing Activities	**(3,412)**	**(3,412)**	(32)	(32)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase (Decrease) in payables to related parties – net	**(34)**	**(34)**	(152)	(152)
Payments of bank loans	**(241)**	**(241)**	(242)	(242)
Increase in lease liabilities	**22**	**22**	15	15
Decrease (Increase) in short term cash investment	-	-	7	7
Net Cash provided by (used in) Financing Activities	**(253)**	**(253)**	(372)	(372)
NET INCREASE IN CASH	**211**	**211**	203	203
CASH AT BEGINNING OF PERIOD	**235**	**235**	164	164
CASH AT END OF PERIOD	**446**	**446**	367	367

VISTAMALLS, INC. AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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 (Note 10).

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

2. BASIS OF PREPARATION

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

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

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

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of March 31, 2022 and December 31, 2021, and for each of the three months in the period ended March 31, 2022 and 2021.

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	
	31- March-22	31-Dec-21
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.

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 March 31, 2022 and December 31, 2021, 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

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. The 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 PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Group adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2021. There is no rent concession received in 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Group adopted the amendments beginning January 1, 2021.

- Adoption of PIC Q&A 2018-12 on Accounting for Common Usage Service Area (CUSA)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry. This includes PIC Q&A No. 2018-12-H which discussed accounting for CUSA charges wherein it was concluded that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12-H for a period of three years or until December 31, 2020. The deferral will only be applicable for real estate transactions.

  The above guidance has no impact to the Group because its accounting policy has been aligned with the guidance since the initial adoption of PFRS 15 in 2018.

Voluntary Change in Accounting Policy

Starting January 1, 2021, considering the experience from the pandemic, management made a comparison of the prevailing practice in the industry and noted that most of the big players in commercial and office spaces leasing are using the simplified approach. Given this, management decided to align its accounting policy with what is prevailing in the industry which resulted in voluntarily changing its accounting policy to measure loss allowance for its lease receivables from general to simplified approach. The Group now measures the loss rate using net flow methodology.

Under the simplified approach, in calculating expected credit loss (ECL), the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for lease receivables, analyzed into third party and related party tenants, that is based on historical credit loss experience and incorporating forward-looking information (called overlays). The change in accounting policy was applied retroactively resulting in additional provision amounting to ₱24.79 million in 2021 and no significant impact for 2020 and 2019.

Management believes that the presentation of the consolidated statement of financial position as at the beginning of the earliest period presented is not necessary as the change in accounting policy has no significant impact on the Group's total assets and total equity as of January 1, 2019. The change in accounting policy did not impact the consolidated statement of cash flows for the years ended December 31, 2020 and 2019.

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, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

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

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

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

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

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

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

  The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.
    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 percent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - Amendments to PAS 41, *Agriculture*, *Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

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

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

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

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group is currently assessing the impact of adopting these amendments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current and Noncurrent Classification

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

An asset is current when:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred liabilities are classified as noncurrent liabilities.

Fair Value Measurement

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

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

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

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

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

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

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

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

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

<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).

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

As discussed above, starting January 1, 2021, the Group used simplified approach method in calculating its ECL for lease receivables from the previous general approach. 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 trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors (i.e. inflation, GDP growth rate) specific to the debtors and the economic environment.

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

The provision matrix is initially based on the 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.

Prior to retroactive adoption of the change in ECL methodology for lease receivables, the Group uses general approach in calculating its ECL. Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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.

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

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

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

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the

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

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

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

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. Investment properties also include right-of-use assets involving real properties.

It is the Group's policy to classify right-of-use assets as part of investment properties. 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	11 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.

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

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

Equity
Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

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

Revenue Recognition

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

Rental income

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

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

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

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

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.

Other revenue

Other revenue is recognized when earned.

Cost and expenses

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

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.

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.

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

<u>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.

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 March 31, 2022 and December 31, 2021, 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:

Principal versus agent considerations

The contract for the commercial spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the connection to air conditioning system and services in the CUSA, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA and air conditioning charges.

Property lease classification – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases

Assessment on whether lease concessions granted constitute a lease modification

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16. Consequently, this is treated as a variable lease.

The rent concessions granted by the Group for the three months ended March 31, 2022 amounted to ₱135.62 million.

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

Determination of the lease term
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Group determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Group has a lease contract for the land where investment properties are situated that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Accounting for lease modification - the Group as lessee
In 2021, the Group and one of the lessors amended the lease contract covering parcels of land where one of the Group's commercial building is situated by extending the lease period and amending the lease rates. The Group assessed that the lease modification did not result in a separate lease and the Group remeasured the lease liability based on the amended lease period and lease rates and recognized the difference between the carrying amount of the modified lease liability and the carrying amount of the lease liability immediately before the modification as an adjustment to the right-of-use asset. The lease contract further subjects the lease payments starting 2036 to be reviewed by both parties in accordance with certain stipulations in the contract. As such, the Group used the market rate at the date the lease is modified for lease period where lease payments are yet to be agreed.

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

pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

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 effective January 1, 2021 and applied retrospectively. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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

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

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

Considering the above, the Group revisited the expected credit loss exercise as at December 31, 2021 for its receivables.

For receivables from tenants, the PD scenario used in the calculation of ECL were 31% best, 33% base, and 36% worst case probability scenario as of December 31, 2021 and 25% best, 33% base, and 42% worst case probability scenario as of December 31, 2020, respectively, from the previous 33% equal probability of all scenarios as of December 31, 2019. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

Further details are provided in Note 9.

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

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

Further details are provided in Note 10.

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

Further details are provided in Note 10.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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

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

6. SEGMENT INFORMATION

The Group's malls and BPO 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, 2022 and December 31, 2021. These were not treated as a separate segment by the chief operating decision maker for its review, evaluation and allocation of resources.

The Group has operating lease agreements with All Value Holdings, Inc. and Subsidiaries (All Value Group), an entity under common control, which is comprised of AllHome Corporation, AllDay Retail Concepts, Inc, Family Shoppers Unlimited Inc. and CM Star Management, Inc., for the leases of commercial spaces. Revenue earned from All Value Group which is engaged in retail businesses covering supermarkets, retail of apparel, construction materials and home/building appliances and furnishings constitutes more than 10% of the Group's total revenue in the three months ended March 31, 2022 and 2021.

The leasing operations have no noted significant seasonality in operations.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of March 31, 2022:

Cash on hand and in banks	**₱ 446**

Cash in banks earns interest at the prevailing bank deposit rates. Interest rate ranges from 0.10% to 1.50%, 0.10% to 1.25%, and 0.10% to 1.25% in 2021, 2020 and 2019, respectively.

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 at March 31, 2022, 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	**₱ 27**
Investments at FVOCI	**2,655**
	₱ 2,682

Investment in associate
In 2021, MC and MAPI acquired 20.50% and 19.61% ownership of Vista One, Inc. (VOI) with a total cost of investment amounting to ₱204.50 million consisting of 204,500,000 common shares at ₱1 par value. VOI is 98.84% owned by VLLI as of December 31, 2021.

Vista One, Inc. (the Company or VOI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 24, 2020, primarily to own, manage, operate and engage in the leasing of income-generating real properties such as office buildings, shopping centers, hotels, resorts, residential buildings, condominium buildings, among others and to hold for investment or otherwise, real estate of all kinds, including buildings, apartments and other structures, and to grant loans and/or assume or undertake or guarantee or secure, whether as solidary obligor, surety, guarantor or any other capacity either on its general credit or on the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, the whole or any part of the liabilities and obligations of its parent company, subsidiaries or investee companies or affiliates, without engaging in the business of a financing company or lending investor.

VOI's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona Dos, Las Piñas City.

Below is the financial information on VOI as of December 31, 2021:

Current assets	₱10,075,007
Noncurrent assets	–
Current liabilities	9,763,270
Noncurrent liabilities	–
Revenue	–
Net loss	117,247
Total comprehensive loss	117,247

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

Net assets as at January 1, 2021	₱43,603,255
40.11% Share in Net Asset	204,547,028
40.11% Share in Net income	(47,028)
Carrying value of investment as at December 31, 2021	204,500,000

9. RECEIVABLES

The balance of this account is composed of the following as of March 31, 2022:

Accounts receivable from tenants	**₱ 2,729**
Advances to contractors	**2,420**
Accrued rent receivable	**12,162**
Other receivables	**98**
	17,409
Less allowance for impairment losses	**(434)**
	16,975
Less noncurrent portion	**(12,162)**
	₱ 4,813

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 ₱ 2,292 million and ₱1,861 million for the period ended March 31, 2022 and 2021, 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	**₱ 16,299**
Building and improvements	**29,868**
Construction In Progress	**3,866**
Right-of-use assets	**5,568**
	₱ 55,601

As of December 31, 2021 and 2020, the aggregate fair values of investment properties amounted to ₱107,312.26 million and ₱121,263.79 million, respectively, using Level 3 (significant unobservable inputs).

In 2021 and 2020, the fair values of the investment properties held for leasing were determined by independent professionally qualified appraisers.

In the determination of fair values in 2021 and 2020, market value approach method was used for land, income approach method was used for completed and substantially completed malls and office buildings for rent and cost approach method was used for construction in progress under early stage of construction and right-of-use asset.

The key assumptions used to determine the fair value of the investment properties held for leasing are the estimated rental value per sqm per year, rental growth rate per annum, and discount rate. The discount rate used in the valuation are discount rates range to of 8.10% to 8.69% and 8.67% in 2021 and 2020, respectively. Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties.

Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long-term vacancy rate.

The parcels of land are located in cities and municipalities like Mandaluyong, Las Piñas, Taguig, Naga, Bacoor, Imus, San Jose del Monte, Sta. Rosa, 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 ₱803.56 million and ₱4,547.55 million are used to secure the bank loans of the Group as of March 31, 2022, and December 31, 2021. The fair value of the investment properties used as collateral amounted to ₱2,943.62 million and ₱36,091.7 million under income approach as of March 31, 2022, and December 31, 2021, respectively.

Amortization expense related to right-of- use asset amounted to ₱57.94 million and ₱208.13million for the period ended March 31, 2022 and December 31, 2021, respectively. Right-of-use asset is amortized over a period of 2 to 30 years.

The total contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhances amounted to ₱2,367.28 million and ₱2,353.04 million as of March 31, 2022 and December 31, 2021, respectively.

On January 8, 2022, Starmall Alabang, a profit center of MC, was hit by a fire and caused a damage estimated to be ₱820.73 million, which is equivalent to the carrying amount of the destroyed properties. Mall operations has stopped following the fire incident. Accordingly, MC has filed insurance claim to recover the losses.

11. OTHER ASSETS

This account is composed of the following as of March 31, 2022:

Input VAT	**₱ 2,839**
Restricted cash	**141**
Refundable deposits	**284**
Prepaid expenses	**149**
Creditable Withholding Tax	**69**
Others	**17**
	3,499
Less noncurrent portion	
Refundable deposits	**(284)**
	(284)
	₱3,215

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	**₱ 1,504**
Supplier	**1,077**
Deferred output vat	**665**
Accrued expenses	**188**
Current portion of liabilities for purchased land	**297**
Current portion of retention payable	**87**
Others	**10**
	₱ 3,828

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	**₱ 1,486**
Bank loans - Non current	**281**
	₱ 1,767

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 at March 31, 2022 and December 31, 2021. 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 at March 31, 2022 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 at March 31, 2022:

	Number of Shares Registered	Number of holders of securities as of March 31, 2022
December 31, 2020	8,425,981,156	436
Add/(Deduct) Movement	-	(2)
December 31, 2021	8,425,981,156	434
Add/(Deduct) Movement	-	(1)
March 31, 2022	**8,425,981,156**	**433**

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, 2021, after reconciling items, amounted to ₱5,546.34 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱12,037.14 million, and ₱7,618.41 million in 2021, and 2020, 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 ₱135.99 million or ₱0.0161 per share and ₱131.45 million or ₱0.0156 per share on September 30, 2021 and September 30, 2020, respectively. The dividend declarations are in favor of all stockholders of record as of October 15, 2021 and October 15, 2020, ₱14.01 million and ₱13.54 million of which were paid on October 28, 2021 and October 23, 2020, respectively. The remaining unpaid dividends are lodged under “Payable to VLLI” account.

As at March 31, 2022, unpaid dividends amounted to ₱0.30 million.

15. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

This account consists of:

Occupancy expenses	**₱ 84**
Outside services	**62**
Repairs and maintenance	**25**
Advertising and promotions	**7**
Salaries and employee benefits	**55**
Taxes and licenses	**80**
Others	**42**
	₱ 355

16. EARNINGS PER SHARE

Earnings per share were computed as follows:

Net Profit attributable to parent company’s shareholders	**₱ 1,249**
Divided by weighted outstanding common shares	**8,426**
	₱ 0.148

Total comprehensive income attributable to parent company’s shareholders	**₱ 1,249**
Divided by weighted outstanding common Shares	**8,426**
	₱ 0.148

Diluted earnings per share was not determined since the Group does not have potential dilutive shares as of March 31, 2022.

17. OTHER MATTERS AND SUBSEQUENT EVENTS

Impact of the recent Coronavirus situation

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Parent Company’s business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that they impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

The Parent Company is continuously evaluating potential impact of the pandemic to its financial assets including the assumptions in the calculation of the expected credit losses and existence of any impairment indicators to its nonfinancial assets.

The Parent Company is closely monitoring the situation and the changes in target market's behavior, as a result of the "new normal".

Vista REIT
In contemplation of the Initial Public Offering of a REIT by Vista One, Inc. (VOI), a subsidiary owned by the Intermediate Parent Company at 98.94% as of March 31, 2022, and in compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, VOI 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 VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of VOI 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, VOI expect the SEC to issue the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale. VOI 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. VOI 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.

VOI sets to offer and sale to the public of 2,500,000,000 secondary common shares with an Overallotment Option of up to 250,000,000 secondary common shares at ₱1.75 per share. The shares will be listed and traded on the Main Board of PSE under the trading symbol "VREIT" on June 15, 2022.

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the period ended March 31, 2022 and 2021.

		Mar-31-22	Dec-31-21
Current Ratio	Current assets / Current liabilities	0.30	0.37
Long-term debt-to-equity ratio	Long-term debt[1] / Equity	0.01	0.01
Debt ratio	Interest bearing debt[2] / Total assets	0.06	0.07
Debt to equity ratio	Interest bearing debt / Total equity	0.06	0.07
Net debt to equity	Net debt[3] / Total equity	0.04	0.06
Asset to equity ratio	Total assets / Total equity	2.64	2.70

		Mar-31-22	Mar-31-21
EBITDA to total interest	EBITDA / Total interest	14.80	13.79
Price Earnings Ratio	Market Capitalization[4] / Net Income[5]	5.58	8.70
Asset to liability ratio	Total assets / Total liabilities	1.61	1.55
Net profit margin	Net profit / Sales	0.47	0.46
Return on assets	Net income[5] / Total assets	6.1%	4.9%
Return on equity	Net income[5] / Total equity	16.1%	13.8%
Interest Service Coverage Ratio	EBITDA / Total interest	14.80	13.79

[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, 2022 and 2021
[5] Annualized

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering three months ended March 31, 2022 vs. three months ended March 31, 2021

Revenues

Rental income increased by 23% from ₱1,861 million in the three months ended March 31, 2021 to ₱2,292 million in the period ended March 31, 2021 due to the increase in occupancy and increase in rental rate.

Other operating income decreased by 112% from ₱161 million in the three months ended March 31, 2021 to ₱342 million in the period ended March 31, 2022 due to the increase in other operating income generated from the commercial assets.

Cost and Expenses

Operating expenses increased by 15% from ₱673 million in the three months ended March 31, 2021 to ₱776 million in the period ended March 31, 2022. The decrease was primarily due to the 27% increase in depreciation and 27% increase in taxes and licenses.

Other Income and Expenses

Finance income decreased by 24% from ₱0.5 million in the three months ended March 31, 2021 to ₱0.4 million in the period ended March 31, 2022 due to the lower interest earned from in cash in banks, investments and receivables of the company for the period.

Finance costs increased by 26% from ₱122 million in the period ended March 31, 2021 to ₱154 million in the period ended March 31, 2021. The increase was due to the interest pertaining to the lease liabilities recognized.

Provision for Income Tax

Provision for tax increased by 48% from ₱307 million in the period ended March 31, 2021 to ₱454 million in the period ended March 31, 2022 due to the higher taxable income in the 3-months of 2022.

Net Income

As a result of the foregoing, the Group's net income increased by 36% from ₱921 million in the three months ended March 31, 2021 to ₱1,250 million in the three months ended March 31, 2022.

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. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

Financial Condition as of March 31, 2022 vs. December 31, 2021

Total assets were ₱82,218 million as of March 31, 2022 and ₱80,672 million as of December 31, 2021. The 2% increase is due to the following:

- Cash and cash equivalents increased by 90% from ₱235 million as of December 31, 2021 to ₱446 million as March 31, 2022 due to the increase in cash flow from operations.

- Receivables, including non-current portion decreased by 10% from ₱18,857 million as of December 31, 2021 to ₱16,975 million as of March 32, 2021 mainly due to the decrease in advances to contractors and accrued rent due to PAS 17.

- Investment properties increased by 7% from ₱51,897 million as of December 31, 2021 to ₱55,601 million as of March 31, 2022 primarily due to the additions of land and cost for construction of investment properties for the period.

Total Liabilities as of March 31, 2022 were ₱51,119 million, 1% higher compared to ₱50,823 million as of December 31, 2021. This was due to the following:

- Accounts and other payables decreased by 11% from ₱4,292 million as of December 31, 2021 to ₱3,828 million as of March 31, 2022 due to settlements for the period.

- Security deposits and advance rent increased by 14% from ₱1,351 million as of December 31, 2021 to ₱1,539 million as of March 31, 2022 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.

- Income tax payable increased by 6% from ₱17 million as of December 31, 2021 to ₱18 million as of March 31, 2022 due to higher taxable income.

- Bank loans including non-current portion, decreased by 12% from ₱2,008 million as of December 31, 2021 to ₱1,767 million as of March 31, 2022 due to settlements for the period.

- Deferred tax liabilities - net increased by 10% from ₱4,495 million as of December 31, 2021 to ₱4,940 million as of March 31, 2022 due to additional temporary differences for the period.

- Other noncurrent liabilities increased by 78% from ₱917 million as of December 31, 2021 to ₱1,630 million as of March 31, 2022 due to the increase in the non-current portion of payables to contractors and retention payable.

Total stockholder’s equity increased by 4% from ₱29,849 million as of December 31, 2021 to ₱31,099 million as of March 31, 2022 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	03/31/2022	12/31/2021
Current ratio [a]	0.30	0.37
Debt-to-equity ratio [b]	0.06	0.07
	03/31/2022	**03/31/2021**
Interest coverage ratio [c]	14.80	13.79
EBITDA margin [d]	87%	83%
Return on equity [e]	16.1%	13.8%

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) *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, 2022 decreased from December 31, 2021 due to the decrease in current assets.

Debt to equity ratio as of March 31, 2022 decreased from that of December 31, 2021 due to settlement of debt for the period.

Interest coverage for the period ended March 31, 2022 increased because of the increase in the company's earnings before interest, income taxes, depreciation and amortization.

EBITDA margin improved for the period ended March 31, 2022 from the prior period due to higher income for the period.

Return on equity increased as a result of improvement in net income for the period.

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

Cash and cash equivalents increased by 90% from ₱235 million as of December 31, 2021 to ₱446 million as March 31, 2022 due to the increase in cash flow from operations.

Receivables, including non-current portion decreased by 10% from ₱18,857 million as of December 31, 2021 to ₱16,975 million as of March 32, 2021 mainly due to the decrease in advances to contractors and accrued rent due to PAS 17.

Investment properties increased by 7% from ₱51,897 million as of December 31, 2021 to ₱55,601 million as of March 31, 2022 primarily due to the additions of land and cost for construction of investment properties for the period.

Accounts and other payables decreased by 11% from ₱4,292 million as of December 31, 2021 to ₱3,828 million as of March 31, 2022 due to settlements for the period.

Security deposits and advance rent increased by 14% from ₱1,351 million as of December 31, 2021 to ₱1,539 million as of March 31, 2022 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.

Income tax payable increased by 6% from ₱17 million as of December 31, 2021 to ₱18 million as of March 31, 2022 due to higher taxable income.

Bank loans including non-current portion, decreased by 12% from ₱2,008 million as of December 31, 2021 to ₱1,767 million as of March 31, 2022 due to settlements for the period.

Deferred tax liabilities - net increased by 10% from ₱4,495 million as of December 31, 2021 to ₱4,940 million as of March 31, 2022 due to additional temporary differences for the period.

Other noncurrent liabilities increased by 78% from ₱917 million as of December 31, 2021 to ₱1,630 million as of March 31, 2022 due to the increase 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, 2022 compared to the three months ended March 31, 2021 (increase/decrease of 5% or more)

Rental income increased by 23% from ₱1,861 million in the three months ended March 31, 2021 to ₱2,292 million in the period ended March 31, 2021 due to the increase in occupancy and increase in rental rate.

Other operating income decreased by 112% from ₱161 million in the three months ended March 31, 2021 to ₱342 million in the period ended March 31, 2022 due to the increase in other operating income generated from the commercial assets.

Operating expenses increased by 15% from ₱673 million in the three months ended March 31, 2021 to ₱776 million in the period ended March 31, 2022. The decrease was primarily due to the 27% increase in depreciation and 27% increase in taxes and licenses.

Finance income decreased by 24% from ₱0.5 million in the three months ended March 31, 2021 to ₱0.4 million in the period ended March 31, 2022 due to the lower interest earned from in cash in banks, investments and receivables of the company for the period.

Finance costs increased by 26% from ₱122 million in the period ended March 31, 2021 to ₱154 million in the period ended March 31, 2021. The increase was due to the interest pertaining to the lease liabilities recognized.

Provision for tax increased by 48% from ₱307 million in the period ended March 31, 2021 to ₱454 million in the period ended March 31, 2022 due to the higher taxable income in the 3-months of 2022.

The Group's net income increased by 36% from ₱921 million in the three months ended March 31, 2021 to ₱1,250 million in the three months ended March 31, 2022.

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. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

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 2022 Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 3-months of 2022 Financial Statements.

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

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

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

PART II - OTHER INFORMATION

Item 3. 3-months of 2022 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
Adisorn Thananan-Narapool	Director
Cherrylyn P. Caoile	Independent Director
Raul Juan N. Esteban	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

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

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

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

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

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

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

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.

Item 4. Other Notes as of the 3-months of 2022 Operations and Financials.

A. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

None.

B. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

C. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

D. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

None.

E. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None.

F. Changes in contingent liabilities or contingent assets since the last annual balance sheet date.

None.

G. Existence of material contingencies and other material events or transactions during the interim period.

None.

H. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

I. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

J. Material commitments for capital expenditures, general purpose and expected sources of funds.

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, 2022, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the first three months of 2022 financial statements.

L. Significant elements of income or loss that did not arise from continuing operations.

None.

M. Causes for any material change/s from period to period in one or more line items of the financial statements

None.

N. Seasonal aspects that had material effect on the financial condition or results of operations

None.

O. Disclosures not made under SEC Form 17-C.

None.

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 30, 2022