April 26, 2023

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: **Ms. Alexandra D. Tom Wong**
OIC - Disclosure Department

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

Attention: **Dir. Vicente Graciano P. Felizmenio Jr.**
Markets and Securities Regulation Department

Subject: Vistamalls, Inc.: **SEC Form 17A – December 31, 2023**

Gentlemen:

Please see attached SEC Form 17-A (Annual Report) of Vistamalls, Inc. for the year ended 31 December 2023.

Thank you.

Truly Yours,

Brian N. Edang
Officer-In-Charge

COVER SHEET

C	S		0	0	0	0	3	9	5	8	7

S.E.C. Registration Number

VISTAMALLS, 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 *Month* **3 1** *Day*
Calendar Year

17 -A
FORM TYPE

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2023**

2. SEC Identification Number **39587**

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

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

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

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

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

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

9. **N/A**
   Former name, former address, and former fiscal year, if changed since last report.

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

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

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

    Yes [x]   No [ ]

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

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and SRC Rule 17.1 and Sections 25 and 177 of the Revised Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [x]   No [ ]

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

Yes [x]   No [ ]

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

₱ 2.1 Billion as of December 31, 2023

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

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

Yes [ ]   No [x] **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

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

Consolidated Financial Statements as of and for the year ended December 31, 2023
(incorporated as reference for Items 7 and 12 of SEC Form 17-A)

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PART I – BUSINESS

Item 1. Business

Overview

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

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

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

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

As of December 31, 2023 and 2022 the Company has equity interests in the following entities:

Subsidiaries / Associate	Percentage of Ownership	
	2023	2022
Subsidiaries:		
Masterpiece Asia Properties, Inc. (MAPI)	**100.0%**	100.0%
Manuela Corporation (MC)	**99.85%**	99.85%

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

Recent Developments

Vista REIT Transaction

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

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

Execution of Property-for-Share Swap Agreement and Deed of Assignment of Leases between the Sponsors and VREIT

On February 7, 2022, VREIT entered into various Deeds of Assignment and Subscription Agreements with each of VMI's subsidiaries, Manuela Corporation (MC) and Masterpiece Asia Properties, Inc. (MAPI), and other common controlled entities of VLLI, Vista Residences, Inc. (VRI), Crown Asia Properties, Inc. (CAPI) and Communities Pampanga, Inc. (CPAM) collectively referred to as the Sponsors, for the assignment, transfer, and conveyance by the Sponsors to VREIT of 10 community malls, one office building, and one 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) and fair value of ₱35,952,992,730 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 Assigned Properties consists of the following:

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

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

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

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

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

Correspondingly, VMI Group also transferred the following other assets and liabilities and booked the following:
a.) Decrease in 'Security deposits and advance rent' of ₱169.27 million;
b.) Decrease in 'Property and equipment' of ₱27.18 million;
c.) Decrease in 'Other current assets' of ₱128.09 million;

d.) Decrease in 'Other noncurrent assets' of ₱128.04 million; and
e.) Increase in 'Receivable from related parties' of ₱114.05 million.

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

After the listing of VREIT in the Philippine Stock Exchange on June 15, 2022, the ownership interest of the Group was reduced to 38.88% from 70.06% because of the sale of secondary shares of VREIT. The carrying value of the investment in associate which was disposed amounted to ₱8,456.00 million, with net proceeds of ₱2,531.72 million (gross sale of ₱2,631.90 million less expenses of ₱100.18 million), resulting to a loss of ₱6,239.49 million.

Net gain of the Group from the listing transaction of VREIT amounted to ₱11,202.91 million (gain from asset for share swap of ₱17,442.39 million less the loss from sale of secondary shares by ₱6,239.49 million).

As of December 31, 2023, VMI Group effectively owns 32.96% and 5.92% of VREIT through MAPI and MC, respectively and 38.88% and 40.07% as of December 31, 2022.

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

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

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

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

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

Description of the Business of the Registrant and its Subsidiaries

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

Products

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

Distribution Methods of Products

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

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held

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

Trademark	Registrant	Registration Date	Term	Principal Conditions
Starmall (revised design)	Vistamalls, Inc.	28 May 2015	Ten (10) Years	(1) Renewable upon payment of the prescribed fee and filing of request; (2) Registrant must file a declaration of actual use within three (3) years from filing of the Application and pay the required fee; (3) Registrant must again file a declaration of actual use or non-use together with the evidence of use or reasons for non-use within one (1) year from the 5th Anniversary of the date of registration/renewal and pay the required fee.

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

Development of the business of the registrant and its key operating subsidiaries or affiliates

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

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

Manuela Corporation – incorporated in February 22, 1972 and is 99.85% wholly owned by STR. The Company's mall developments are Starmall EDSA-Shaw. Its corporate building is known as the Worldwide Corporate Center and BPO Las Pinas.

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

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

Bankruptcy, Receivership or Similar Proceeding

As of December 31, 2023, there is no bankruptcy, receivership or similar proceedings involving the Group.

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

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

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

In 2018, the Company increased its mall portfolio to include Vistamall Iloilo, Vistamall Naga, Vistamall Cagayan de Oro, Vistamall North Molino, Vistamall Dasmariñas, Vistamall Malolos. The Company also made an expansion in Vistamall Iloillo and Vistamall Naga. The Company opened its commercial centers namely, Vista Place – Daanghari. In 2020, the Company also added its mall portfolio in Santiago, Isabela, Cabanatuan, Nueva Ecija and Sta Maria, Bulacan and in Mintal, Davao City in 2022. No new product line has been made in 2023.

Competition

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

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

Suppliers

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

Dependence on a Few Major Customers

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

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

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

Transactions with related parties

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

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

Government approvals

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

The Company has no principal product that has pending government approval as of December 31, 2023.

Effect of Existing or Probable Governmental Regulations

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

As of December 31, 2023, the Company is not aware of any existing or probable governmental regulations that will have an effect on the Company's business operations.

Compliance with Environmental Laws

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

Costs and Effects of Compliance with Environmental Laws

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

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

Research and Development Costs

Research and development activities, such as market research, training and contractor's development programs, are treated as normal operating expense. For 2023, the amount that the Company spent for research and development is minimal and does not constitute a significant percentage of the Company's revenues.

Employees

As of December 31, 2023, the Company and its subsidiaries, had a total of 307 employees. This is broken down by function as follows:

Function	Number of employees
Operations	156
Administrative	97
Technical	54
Total	**307**

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

Risks related to the Companies Business

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

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

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

Item 2. Properties

Details of the Company's properties as of December 31, 2023 are set out in the table below:

LAND

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

BUILDING AND IMPROVEMENTS

Location	Owner	Use
Mandaluyong City	MC	Mall
Mandaluyong City	MC	Office Building
Las Piñas City	MC	Office Building
Taguig City	MAPI	Mall
Sta. Rosa, Laguna	MAPI	Mall
Balanga, Bataan	MAPI	Mall
Kawit, Cavite	MAPI	Mall
Malolos, Bulacan	MAPI	Mall
North Molino, Cavite	MAPI	Mall
Dasmariñas, Cavite	MAPI	Mall
Santiago, Isabela	MAPI	Mall
Cabanatuan, Nueva Ecija	MAPI	Mall
Sta Maria, Bulacan	MAPI	Mall
Silang, Cavite	MAPI	Mall
Mintal, Davao City	MAPI	Mall

As of December 31, 2023, investment properties with carrying amount of ₱370.56 million were used to secure the bank loans of the Group (see Note 14 of the 2023 Audited Financial Statements).

Item 3. Legal Proceedings

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

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

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

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

Quarter	2024			2023			2022		
	High	Low	Close	High	Low	Close	High	Low	Close
1st	2.41	2.29	2.40	3.30	2.80	2.80	4.29	3.18	3.31
2nd				4.45	2.48	2.53	3.69	3.20	3.30
3rd				2.69	2.27	2.45	3.50	3.16	3.29
4th				2.49	2.25	2.41	4.45	2.84	2.84

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

As of March 31, 2024, STR's market capitalization stood at ₱20.22 billion based on the ₱2.40 per share closing price.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
26 April 2024	2.35	2.26	2.35

Stockholders

There are approximately 431 holders of common equity security of the Company as of December 31, 2023 (based on the number of accounts registered with the Stock Transfer Agent).

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

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)[1]
1.	Vista Land & Lifescapes, Inc.[2]	7,443,192,641	88.34%
2.	Land & Houses Public Company Limited	808,431,465	9.59%
3.	Fine Properties, Inc.[3]	114,877,955	1.36%
4.	PCD Nominee Corporation (Filipino)	50,770,648	0.60%
5.	PCD Nominee Corporation (Foreign)	3,159,448	0.04%
6.	Peter O. Tan	1,798,000	0.02%
7.	Peter Tan &/or Marilou Tan	1,524,000	0.02%
8.	Orion-Squire Capital, Inc.	82,000	0.00%
9.	Orion-Squire Sec., Inc.	77,900	0.00%

[1] *based on the total shares issued of 8,425,981,156*
[2] *Includes 443,192,641 shares lodged under PCD Nominee Corp. (Filipino)*
[3] *Shares are under PCD Nominee Corporation (Filipino)*

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)[1]
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.	Filinvest Sec. Co. Inc.	50,000	0.00%
16.	Benito Penalosa	50,000	0.00%
17.	Mario Osmena Jr.	50,000	0.00%
18.	Gilbert Tiu	40,000	0.00%
19.	Oh Siong Yu	39,942	0.00%
20.	Babes Ojales	39,000	0.00%
	Total	**8,424,475,300**	99.98%
	Others	1,500,756	0.02%
	Total issued and outstanding common shares as of December 31, 2023	**8,425,981,156**	100.00%

Dividends

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

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

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

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

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

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

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

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

Recent Sale of Unregistered Securities

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

Stock Options

None

Item 6. Management's Discussion and Analysis

REVIEW OF YEAR END 2023 VS YEAR END 2022

RESULTS OF OPERATIONS

Revenues

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

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

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

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

Costs and Expenses

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

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

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

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

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

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

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

<u>Other Income (Expense)</u>

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

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

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

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

<u>Provision for Income Tax</u>

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

<u>Net Income</u>

As a result of the foregoing, the Company's net income increased by 135.3% from ₱8,367 million in the year ended December 31, 2022 to ₱8,535 million in the year ended December 31, 2023.

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

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

FINANCIAL CONDITION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Total stockholder's equity increased by 22.6% from ₱36,602 million as of December 31, 2022 to ₱44,875 million as of December 31, 2023 to due to the earnings recorded for the year.

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

Key Performance Indicators	12/31/2023	12/31/2022
Current ratio [a]	0.43:1	0.44:1
Liability-to-equity ratio [b]	1.21:1	1.50:1
Interest coverage [c]	100.66	64.40
Return on assets [d]	8.60%	9.1%
Return on equity [e]	19.02%	22.9%

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company's net income increased by 135.3% from ₱8,367 million in the year ended December 31, 2022 to ₱8,535 million in the year ended December 31, 2023.

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

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

REVIEW OF YEAR END 2022 VS YEAR END 2021

RESULTS OF OPERATIONS

Revenues

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

- Rental income increased from ₱8,836 million for the year ended December 31, 2021 to ₱11,711 million for the year ended December 31, 2022. The 32.5% increase was due to the increase in occupancy and increase in the rental rate for the year.
- Parking fee revenue decreased from ₱122 million for the year ended December 31, 2021 to ₱99 million for the year ended December 31, 2022. The 18.8% decrease was due to lower number of vehicles using the mall parking space.
- Other operating income increased from ₱268 million for the year ended December 31, 2021 to ₱333 million for the year ended December 31, 2022. The 24.1% decrease was due to the increase in other operating income for the year.

Costs and Expenses

Operating Expenses
Cost and expenses increased from ₱3,681 million for the year ended December 31, 2021 to ₱8,724 million for the year ended December 31, 2022. The 137.0% increase in the account was primarily attributable to the following:

- Recognition of impairment loss on investment in associate amounting to ₱9,491 million for the year ended December 31, 2022 due to the change in the discount and cap rate which resulted to a decline in the investment fair value of VREIT.
- Decrease in depreciation by 22.2% from ₱1,910 million for the year ended December 31, 2021 to ₱1,486 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.
- Decrease in light and power by 18.8% from ₱326 million for the year ended December 31, 2021 to ₱265 million for the year ended December 31, 2022 due to the transfer of some investment properties to VREIT.
- Decrease in outside services by 27.3% from ₱256 million for the year ended December 31, 2021 to ₱186 million for the year ended December 31, 2022 due to transfer of some investment properties to VREIT.
- Decrease in provision for expected credit losses by 20.6% from ₱309 million for the year ended December 31, 2021 to ₱245 million for the year ended December 31, 2022 improvement in the accounts and investments for the year.

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

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

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

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

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

Other Income (Expense)

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

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

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

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

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

Provision for Income Tax

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

Net Income

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

For the year ended December 31, 2022, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

FINANCIAL CONDITION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Other non-current liabilities decreased by 28.9% from ₱917 million as of December 31, 2021 to ₱637 million as of December 31, 2022 due to the decrease in the retention payable, advance rent and payables to contractors.

Total stockholder's equity increased by 22.0% from ₱29,851 million as of December 31, 2021 to ₱36,602 million as of December 31, 2022 to due to the earnings recorded for the year.

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

Key Performance Indicators	12/31/2022	12/31/2021
Current ratio [a]	0.44:1	0.37:1
Liability-to-equity ratio [b]	1.50:1	1.70:1
Interest coverage [c]	64.40	34.41
Return on assets [d]	9.1%	5.5%
Return on equity [e]	22.9%	14.8%

Notes:

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

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

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

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

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

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

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

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

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, 2022 compared to December 31, 2021 (increase/decrease of 5% or more)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other non-current liabilities decreased by 28.9% from ₱917 million as of December 31, 2021 to ₱637 million as of December 31, 2022 due to the decrease in the retention payable, advance rent and payables to contractors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For the year ended December 31, 2022, 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.

REVIEW OF YEAR END 2021 VS YEAR END 2020

RESULTS OF OPERATIONS

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

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

FINANCIAL CONDITION

As of December 31, 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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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, 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.

Commitments and Contingencies

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

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

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

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

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

None, except for those items disclosed in the 2023 Audited Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 2023 Audited Financial Statements.

Item 7. Financial Statements

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

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountant

SGV & Co., independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2021, 2022 and 2023, included in this report. Cyril Jasmin B. Valencia is the current audit partner for the Company and its subsidiaries.

External Audit Fees and Services

External Audit Fees

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

	2023	2022
	(In ₱ Millions with VAT)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 7.99	₱ 7.05
All other fees	–	–
Total	**₱ 7.99**	**₱ 7.05**

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

Tax Fees

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

All Other Fees

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

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

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Group has adopted some revisions and annual improvements to the PFRS (Philippine Financial Reporting Standards) that are relevant to the Group and effective for the financial statements beginning on or after January 1, 2018 as discussed in Note 3 of the Notes to Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021.

As such, the comparative amounts contained in the audited financial statements may differ from those previously presented in the consolidated financial statements for the year ended December 31, 2023, 2022 and 2021.

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

The table below sets forth the members of the Company's Board and Executive Officers as of December 31, 2023.

NAME	AGE	POSITION	CITIZENSHIP
Manuel B. Villar Jr.	74	Chairman	Filipino
Manuel Paolo A. Villar	47	Director and President	Filipino
Cynthia J. Javarez	60	Director & Treasurer	Filipino
Camille A. Villar	38	Director	Filipino
Achawin Asavabhokhin	48	Director	Thai
Cherrylyn P. Caoile	49	Independent Director	Filipino
Marilou O. Adea	72	Independent Director	Filipino
Brian N. Edang	45	Chief Financial Officer & Head, Investor Relations	Filipino
Ma. Nalen Rosero	52	Chief Information Officer & Corporate Secretary	Filipino
Arbin Omar Cariño	42	Compliance Officer & Assistant Corporate Secretary	Filipino
Melissa Camille Z. Domingo	36	Chief Audit Executive	Filipino
Rowena B. Bandigan	46	Chief Accountant	Filipino
Florence R. Bernardo	53	Head, Mall Operations	Filipino

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

MANUEL B. VILLAR JR., *Chairman*, 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*, 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 a degree in Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She completed a Management Development Program at the Asian Institute of Management in 2006. Ms. Javarez was previously the Chief Financial Officer of Polar Property Holdings Corp. until 2011 and the Tax & Audit Head in the MB Villar Group of Companies until 2007. She was the Controller and Chief Financial Officer of Vista Land since 2013 until she became Chief Operating Officer from November 2018 to June 2022. She was the President of Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation and Vista Residences, Inc. until 2021. She is currently the Chairperson of the Board of Prime Asset Ventures, Inc. and is the President of Fine Properties, Inc.

CAMIILE 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.

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

CHERRYLYN P. CAOILE, *Independent Director*, Atty. Caoile obtained her Bachelor of Science in Legal Management from the De La Salle University and earned the degree of Juris Doctor in Ateneo de Manila School of Law. She worked in Picazo Buyco Tan Fider & Santos in 1998, 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. and currently the Independent Director of Vista Land & Lifescapes, Inc., Vistamalls, Inc., and VProperty, Inc. She was formerly the Director of MJC Investment Corporation, Narra Wellness Resorts, Inc., and PALI Investments, Inc. She was appointed as the Corporate Secretary of MetroPac Water Investments, Inc. and was formerly the Assistant Corporate Secretary of Smart Communications, Inc., Paymaya Philippines, Inc, and MPCALA Holdings, Inc. Atty. Caoile possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since election as such.

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

BRIAN N. EDANG, *Chief Financial Officer and Head Investor Relations*, Mr. Edang is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, 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*, Atty. Rosero graduated Salutatorian from the San Beda College of Law in 1997. She was an Associate of the Litigation Group of the ACCRA Law Offices from 1997 to 2000. She is currently the Chief Legal Counsel, Chief Information Officer, and Chief Compliance Officer of Vista Land & Lifescapes, Inc. She is also the Corporate Secretary and Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also currently serving as the Chief Compliance Officer and Assistant Corporate Secretary of VistaREIT, Inc. She is also the Corporate Secretary of Vistamalls, Inc. (formerly Starmalls, Inc.).

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

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

ROWENA B. BANDIGAN, *Chief Accountant*, Ms. Bandigan is a Certified Public Accountant. She took and passed her certification exam in 1999 shortly after graduating with a degree of Bachelor of Science in Accountancy at PLM (Pamantasan ng Lungsod ng Maynila). She worked as Senior Auditor at Deloitte Philippines until 2005. Thereafter, she worked in Singapore as 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. in 2005 where she currently holds the position Regional Mall Head, she was the Operations Head of SM Leisure Center from 1996-2005.

Resignation of Directors/Officers

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

Family relationships

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

Involvement in Certain Legal Proceedings of Directors and Executive Officers

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

None of them has been involved in any bankruptcy petition.

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

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

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

Item 10. Executive Compensation

Names	Position	Year	Salary	Bonus
Manuel Paolo A. Villar	President			
Brian N. Edang	Chief Financial Officer & Head, Investor Relations			
Ma. Nalen SJ. Rosero	Corporate Secretary & Chief Information Officer			
Rowena B. Bandigan	Chief Accountant			
Florence R. Bernardo	Head, Mall Operations			
Aggregate executive compensation for above named officers		**Actual 2022**	**₱ 11.2 M**	**₱ 0.7 M**
		Actual 2023	**₱ 11.8 M**	**₱ 0.7 M**
		Projected 2024	**₱ 12.4 M**	**₱ 0.7 M**
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2022**	**₱ 6.2 M**	**₱ 0.4 M**
		Actual 2023	**₱ 6.5 M**	**₱ 0.4 M**
		Projected 2024	**₱ 6.8 M**	**₱ 0.4 M**

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

Standard arrangements

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

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 2022 and 2023 for any service provided as a director.

Employment Contracts and Termination of Employment and Change in Control Arrangements

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

Warrants and options held by the executive officers and directors

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

Significant employee

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of the voting securities as of December 31, 2023:

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

[1]Based on the total issued and outstanding shares (common and preferred) of 10,775,981,156 as of December 31, 2023

Security Ownership of Management

Security ownership of certain management as of December 31, 2023:

Title of Class	Name of Beneficial Owner	Amount & Nature of	Citizenship	Percent of Class

		Beneficial Ownership		
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	1,000 – Direct	Filipino	0.00001%
Preferred Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	2,350,000,000 – Indirect	Filipino	21.80776%
Common Shares	Manuel Paolo A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	1,000 – Direct	Filipino	0.00001%
Common Shares	Cynthia J. Javarez B3A/L2 Vetta di Citta Italia, Imus, Cavite	1,000 – Direct	Filipino	0.00001%
Common Shares	Camille A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 – Indirect	Filipino	0.000001%
Common Shares	Achawin Asavabhokin 501105 Langsuan Road, Bangkok, Thailand	1,000 – Indirect	Thai	0.00001%
Common Shares	Cherrylyn P. Caoile U12 Verde de Pasadena Townhomes, 209 Pasadena Drive, San Juan City	1,000 – Indirect	Filipino	0.00001%
Common Shares	Marilou O. Adea 44 Istanbul Street, BF Homes, Paranaque City	1,000 – Indirect	Filipino	0.00001%
-	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	-
-	Arbin Omar P. Cariño Unit 4 Wedgewood Estated Eymard Drive Brgy. Kristong Hari, Quezon City	-	Filipino	-
-	Melissa Camille Z. Domingo 62A Labo St., Sta. Mesa Heights, Brgy. San Isidro Labrador, Quezon City	-	Filipino	-
-	Rowena B. Bandigan	-	Filipino	-

	B3 L6 P2 Dolmar Golden Hills Subd., Loma de Gato, Marilao Bulacan			
-	Florence R. Bernardo Blk6 Lot 1 Farano St., Mille Luce Subdivision, Antipolo City	-	Filipino	-
AGGREGATE SHAREHOLDINGS		**2,350,006,100**		**21.80782%**

Voting Trust Holders of 5.0% or More

As of December 31, 2023, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes In Control

As of December 31, 2023, there was no arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

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

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

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

Please refer to Notes on Related Party Transactions of the Notes to Consolidated Financial Statements of the 2023 Audited Financial Statements, which is incorporated herein in the accompanying Index to Exhibits.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

To be disclosed separately.

PART V — SUSTAINABILITY REPORT

VISTAMALLS, INC.

Annex A: Sustainability Report

CONTEXTUAL INFORMATION

Company Details	
Name of Organization	VISTAMALLS, INC. (PSE:STR)
Location of Headquarters	Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City 1750
Location of Operations	Nationwide
Report Boundary: Legal entities (e.g., subsidiaries) included in this report	This report covers the economic, social, and governance performances and policies of the Company. For the environmental performance and policies, Vistamalls reports on sites that comprise more than 50% of the overall gross floor area, specifically: • Evia Lifestyle Center - Daang Hari Road, Vista Alabang, Las Piñas City • Starmall EDSA Shaw – Harvard St., Mandaluyong City • Vista Mall Bataan – Brgy. Cupang Proper, Roman Superhighway, Balanga, Bataan • NOMO – A Vista Lifestyle Center - Molino Boulevard, Bacoor City, Cavite • Vista Mall Taguig- Levi Mariano Avenue, Brgy. Ususan, Taguig City • Worldwide Corporate Center, Shaw Blvd. Brgy. Highway Hills, Mandaluyong City
Business Model, including Primary Activities, Brands, Products, and Services	Vistamalls, Inc. ("Vista Malls" or "the Company") is primarily engaged in investment, real estate, and leasing business. The Company is the holding company of the Vistamalls Group which is engaged in the leasing of retail malls and Business Process Outsourcing (BPO) commercial centers. Vistamalls owns and operates a network of malls strategically located throughout Mega Manila and in key cities of the country. As of 2023, the Company runs 42 malls, 56 commercial centers, and 7 offices.
Reporting Period	January 1, 2023 – December 31, 2023
Highest Ranking Person responsible for this report	**Brian N. Edang** Chief Financial Officer, Head of Investor Relations

Materiality Process

Vistamalls Inc, as with the other subsidiaries identified as part of the Villar Group companies, are guided by the GRI and SASB Standards in the conduct of their materiality processes.

This includes the following steps:

1. **Pre-identification of topics** – Issues and topics from different references such as the sector-specific publications from GRI and SASB standards for real estate, and industry peers were collated. The topical list was simplified with a few additional ones to ensure that the economic, environmental, social, and governance (EESG) aspects of the organization are covered.

2. **Identification of Material Topics** – The Company revisited the list to assess if the topics are material to the operations and its stakeholders. An online form is provided that allows the Company to identify topics that are material by selecting 'Yes' or 'No'.

3. **Materiality Assessment** – Topics deemed as material are processed into an online survey where the Company further assessed the criticality of impact of each topic using a five-point scale – 1 as low to no impact and 5 as highest impact. In 2023, Vistamalls extended the online survey to other departments to capture more insights on the issues in the company.

Most respondents expressed enthusiastic views towards discussions on sustainability. Most of them believe sustainability means being existent for a long time and surpassing any crises. Others see it based on the ability to provide the needed resources without causing negative impacts to the present and future generations. With these, the respondents affirm that sustainability is critical to the overall success of the business to continuously provide quality service for the customers and be one of the major players in the mall industry.

On the organizational level, the respondents recognized some of the areas that Vistamalls is performing well in terms of sustainability. These areas include the following:

- providing world class mall experiences to the customers
- environmental practices for managing wastes, energy, and water
- investing on new projects and ideas, and on the digitization of services
- prudent use of financial resources and effective austerity measures

To further contribute to the sustainability of the Company, the respondents suggest the following initiatives and goals to be set up:

- invest more on green building practices such as installing renewable energy
- intensify digitization of services to promote contactless transactions
- offer products and services that are friendly for the environment
- continue supporting local suppliers
- more efficient planning of projects to lessen change orders and variation orders.

Incentive programs, feedback systems, and being informed regularly on accomplishments or progress of different company programs would encourage the respondents more to get involved in the Company's sustainability journey.

Table 1. Material Topics 2023 Arranged According to Degree[1] of Impact

2023 Topics	
1	Marketing & Promotion
2	Occupational Health and Safety
2	Store Lease
3	Well-being
3	Innovation
4	Human Rights
4	Governance
5	Customer Satisfaction
5	Community
6	Regulatory Compliance
7	Water Use
8	Economic Performance
9	Ethical Business Practices
10	Energy
11	Water Management
12	Land Use
13	Green Buildings
`14	Land Escape Impacts
15	Emissions

The results show a growing criticality for conducting Marketing and Promotion within the organization. Occupational Health and Safety and Store Lease shared the second rank in terms of criticality while Well-being and Innovation tied for third most critical topics in 2023.

[1] Topics with similar rankings have the same weighted average based on the materiality assessment results.

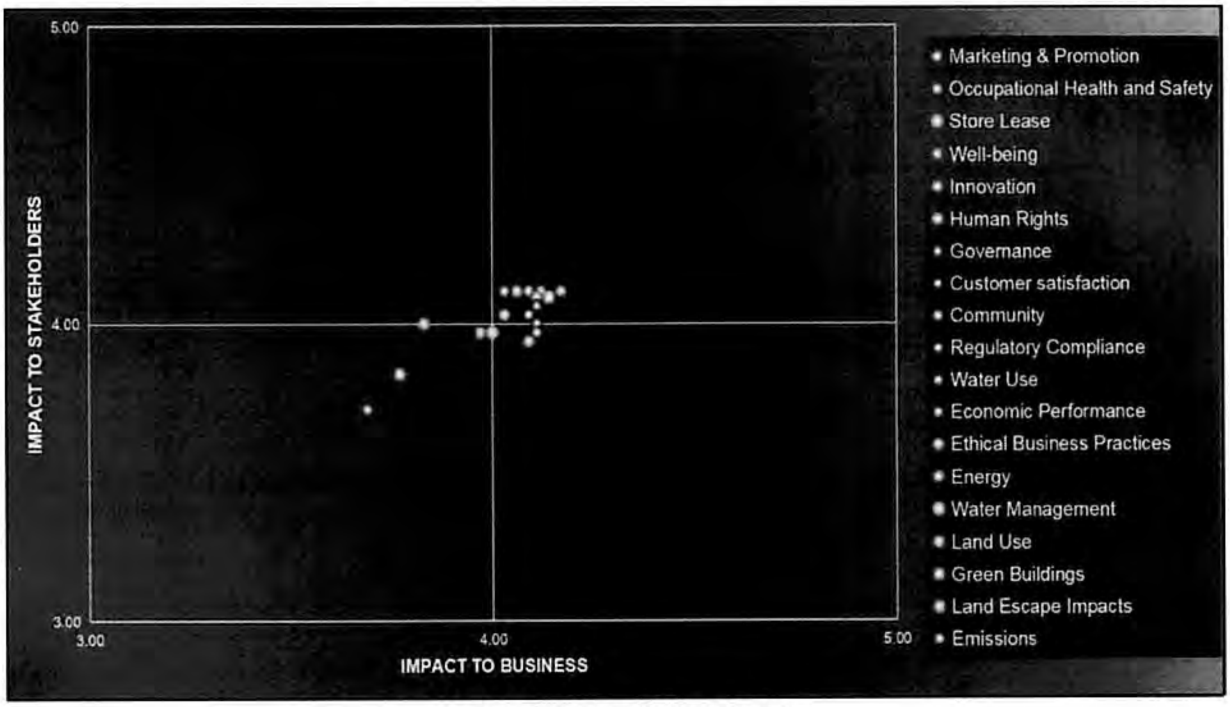

Table 1. Materiality Matrix

The results show a growing criticality for conducting Marketing and Promotion within the organization. Occupational Health and Safety and Store Lease shared the second rank in terms of criticality while Well-being and Innovation tied for third most critical topics in 2023.

ECONOMIC AND GOVERNANCE DISCLOSURES

Economic Performance

Direct Economic Value Generated and Distributed[2]

Disclosure[2]	Amount (in millions PhP)		
	2023	2022	2021
Direct economic value generated (revenue)	13,139.78	12,142.52	9,226.07
Direct economic value distributed:			
a. Operating costs	1,542.38	1,046.30	1,248.59
b. Employee wages and benefits	272.73	245.41	238.16
c. Payments to suppliers, other operating costs	447.82	378.76	543.35
d. Dividends given to stockholders and interest payments to loan providers	153.87	134.70	239.93
e. Taxes given to government	3,019.77	2,258.77	867.85
f. Investments to community (e.g., donations, CSR)	27.52	26.83	2.45

Impact	Stakeholders Affected
The Company's ability to sustainably generate value helps provide quality employment for its stakeholders. This allows people financial capabilities to support the overall economic health and growth for its local communities.	Employees, Community, Suppliers, Investors, Government, Customers

[2] based on Vistamalls, Inc. consolidated financial statements as of December 31, 2023

Additionally, the taxes paid by the Company serve to finance public services and bolster governmental initiatives that benefit the people. Vistamalls showed encouragement as it has registered a 8.21% increase in its economic performance as compared with 2022. At the start of 2022, Vistamalls started to open all its commercial spaces and continue the construction of commercial projects. Vistamalls reported an increase in its revenues as it also opened new commercial centers that houses tenants that offer essential services i.e., home store and supermarket. In 2023,Vistamalls continues to contribute its financial resources to its stakeholders marking an increase for every economical value distributed with 47% for land development, commercial building construction and operating requirements, 11% marked up for employees through wages and benefits, 18% for suppliers, contractors, and other vendors, 14% for stockholders, 34% for the government in the form of taxes, and 3% for community investments. The Company reported zero seasonal factors such as trends, events or other uncertainties that had a material impact on its financial status or its operations in 2023.	

Management Approach to Impacts

The Company based its financial sustainability on efficient resource management. Vistamalls managed its finances through careful and regular checks on its portfolio, with liability management activities conducted whenever necessary.

Its annual and quarterly reports were prepared based on Philippine Financial Reporting Standards, audited by a third-party auditing firm, and submitted to the relevant regulatory agency. To ensure transparency, the reports were also posted on the Company website and the Philippine Stock Exchange Edge Portal.

Developments in 2023

There are no new developments in 2023, but the developments from 2022 are still in use.

Vista Mall offers Davao City an outstanding shopping experience. With the launch of its new facility in Davao City, Vista Mall is adding to its portfolio of creative and upgraded mall experiences. Situated on a three-hectare plot of land in the densely populated Barangay Sto. Vista Mall Davao is expected to provide Davaoeños with a world-class premium mall experience.

By 2021, the Davao Region's GDP increased by 5.9 percent to P882 billion from around P833.2 billion in 2022, as per a recent analysis conducted by the Philippine Statistics Authority. Furthermore, Vista Mall scaled its market share through expansion operations in Naga and Iloilo for 2022.

Additionally, Vista Mall's tenant selection has been carefully considered to accommodate the tastes of its Davao clientele. This encompasses both international and domestic fast-food chains in addition to well-known and adored global brands.

Risks	Stakeholders Affected
The Company has identified several key risks, including market sustainability reliant on economic growth and key customer industries, foreign exchange (forex) volatility, high interest rate, non-compliance with regulatory requirements, and lack of support from the neighboring community.	Employees, Community, Suppliers, Investors, Government, Customers

Management Approach to Risks

2023 marks a significant year for the Company as it aligns with the robust economic recovery underway. With the easing of pandemic restrictions, commercial spaces are reopening while various construction and real estate development activities are ongoing. This positive momentum bodes not only for Vistamall but also the overall economic revival of the country.

The Company's Board Risk Oversight Committee oversees the Enterprise Risk Management System (ERMS) that ensures its functionality and effectiveness. The system includes mitigation measures and controls for all identified risks.

Opportunities and Management Approach	Stakeholders Affected
Vistamalls retained the business process outsourcing (BPO) tenants in 2023, as Google renewed their contracts for three years. Community-based commercial centers and BPO office spaces provided the Company stable revenues despite the health crisis. This opened an opportunity for Vistamalls to strengthen its leasing business that caters to community-based malls and BPO offices or other similar uses. Consumer behavior studies will be continually practiced to satisfy the preferences of the target customers. Vistamalls is committed to performing sound financial management and discipline for its operational controls, policies, and procedures. It will continue to compete through project concept, quality, affordability, and location. As the real estate market becomes increasingly competitive, Vistamalls remains committed to its organic growth strategy and endeavors to expand into new geographic markets and retain its synergistic relationships with the Villar Group.	Employees, Community, Suppliers, Investors, Government, Customers

Climate related risks and opportunities[3]

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	The Board identifies and manages all risks and opportunities, including physical risks related to climate, which are handled by the Board Risk Oversight Committee. The Committee based its decisions on recommendations contingent to update policies and related guidance of the Enterprise Risk Management (ERM). The Chief Risk Officer (CRO) oversees the ERM process with the following responsibilities:

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

	(i) supervise all phases of the ERM process and its documentation. This includes its development, implementation, maintenance, and continuous improvement. (ii) communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee; (iii) collaborate with the Chief Executive Officer (CEO) in updating and making recommendations to the Board Risk Oversight Committee; (iv) suggest ERM policies and related guidance, as needed; and (v) provide insight on the following: • Risk management processes are performing as intended. • Risk measures reported are continuously reviewed by risk owners for effectiveness; and • Establish risk policies and procedures are being complied with. The CRO's office is given authority, stature, resources, and support from all departments to fulfill assigned tasks
b) Describe management's role in assessing and managing climate- related risks and opportunities	Management assists in the implementation of the Company's vision, mission, strategic objectives, policies, and procedures as set by the Board. It is their responsibility to monitor, evaluate, and analyze the operations of the business and report the findings and risks to the Board. Management is also authorized to make sound business assessments and formulate action plans to be approved by the Board.
Strategy Disclose the actual and potential impacts[16] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over	The Company has studied the acute physical (e.g., typhoons, floods) and chronic physical (e.g., increase in outside temperatures) risks for its malls and BPO leasing operations as

the short, medium, and long term	part of its operational, financial, and reputational risks on a short, medium, and long-term perspectives.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Vistamalls believes that such risks may cause temporary disruptions of its operations, specifically: • Short-term risks include floods and typhoons that can cause power interruptions. If there are cracks in buildings, leaks may occur inside the malls especially during the heavy downpour. There may also be less manpower in construction sites brought on by unfavorable weather conditions, which in turn can delay project schedules. • Medium-term risks include high ambient temperature that may damage the mall equipment, leading to higher energy consumption and low volume of foot traffic. As a result, the Company may report a lower income while dealing with repairs costs for the different equipment. • Long-term risks include the worsening climate change influence that may bring about higher consumption of energy such as air conditioning during hot weather conditions and for using generators in times of power interruptions during typhoons.
c) Describe the resilience of the organization's strategy, taking into consideration different climate- related scenarios including a 2ºC or lower scenario	The Company had made it an internal standard operating procedure to conduct a thorough, technical environment scanning as part of its due diligence process of all of its land acquisitions and their adjacent areas, as well as malls and office establishments in the face of risks posed by climate-related situations such as the 2ºC or lower scenario in its ERM. The Company regularly reviewed and updated its Business Continuity Plan (BCP) in keeping with new developments that resulted from its due diligence studies. This included any adjustment to allocated budgets reserved for emergencies and other crisis situations as well as regular training as part of the upkeep of different teams tasked to facilitate repairs, maintenance, and business operations for all possible scenarios.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	

a) Describe the organization's processes for identifying and assessing climate- related risks	Vistamalls defined and discussed all its key risks in its ERM system. Aside from risks related to business strategy, compliance, operations, finances and corporate or brand reputation, the Company identified climate-related risks based on the analysis of key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives
b) Describe the organization's processes for managing climate- related risks	Vistamalls' risk register consists of clearly defined, prioritized and residual risks. This register has evolved to become the foundation for developing the risk mitigation plan that highlights the most important risks to the Corporation, as defined by the risk management strategy. The Company then communicates and reports significant risk exposures, and risk mitigation plans to the Board Risk Oversight Committee for their consideration.
c) Describe how processes for identifying, assessing, and managing climate- related risks are integrated into the organization's overall risk management	As a subsidiary of Vista Land, the direction for risk management, including climate-related risks of Vistamalls, is patterned after its parent company. Employees from all levels are involved in the monitoring and reporting of concerned areas. Teams are assigned to assess mall conditions and discuss possible solutions to address concerns within the properties. The resulting cost proposals are allocated budgets once approved. The implementation of the proposal is then monitored, and reports are generated throughout the process.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate- related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process	Natural catastrophes directly affect the Company's operations. Impacts of this risk is measured through the following: • Number of days of delays in project timeline • Number of days of property downtime and business disruption • Costs of repair or replaced damage or destroyed assets • Costs for maintenance due to wear and tear on or damage to buildings To mitigate the exposure to other climate-related risks, Vistamalls

	sees the opportunity of improving its business operations through: • Conducting regular preventive check and maintenance of all assets • Retrofitting of building and other developments • Tracking the frequency of discussions with Board and Management on climate-related risks
b) Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets	Vistamalls' end-goal is to have zero to minimal business disruptions in the event of severe weather conditions and other natural disasters. To ensure this target is met, the Company frequently communicates with and trains its employees on the protocols to mitigate risks for such situations.

Procurement Practices

Proportion of spending and local suppliers

Disclosure	2023	2022	2021
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	100	100

Impact, Risks, and Management Approach	Stakeholders Affected
In 2023, Vistamalls engaged with over 435 suppliers that are 100% locally based in the Philippines. These consist of businesses that offer preventive maintenance services, construction and repair services, as well as materials supply and delivery. The Company continues to invest in local suppliers as a commitment to help develop the local economy. All suppliers are required to pass the accreditation process to ensure that they are fully prepared to meet the requirements of the Company. For more information on the accreditation process, refer to the Supply Chain Management section under the Social Disclosures.	Employees, Suppliers, Contractors
Opportunities and Management Approach	**Stakeholders Affected**
Vistamalls seeks to achieve higher standards of procurement while strengthening its relationship with local suppliers. The Company	Suppliers, Contractors, Employees

maintains a pool of contractors that are near or within the vicinity of Vistamalls in case of issues or challenges from the regular suppliers with whom they were initially partnered. Supporting local suppliers and the community is imperative for Vista Malls, as it is built on a strong commitment to share social progress, environmental stewardship, and business success that is anchored on a balanced development model and is respectful of the environment and the communities where it operates. In 2023, there is continuous improvement of the online procurement system where all transactions such as biddings, contract reviews, billing processing, and supply requests can be performed. Online billing countering was also launched in 2023 and is now being used for supply billing countering. The system continuously helped ease the acceptance of requirements and the coordination between the Company and the suppliers. Additionally, Vistamalls conducts constant research for benchmarking and to know the industry trends as part of performing good procurement practices.	

Governance

Anti- Corruption

Training on Anti-corruption Policies and Procedures

Disclosure	2023	2022	2021
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	100
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	100
Percentage of directors and management that have received anti- corruption training	100	100	100
Percentage of employees that have received anti-corruption training	100	100	100

Incidents of Corruption

Disclosure	2023	2022	2021
Number of incidents in which directors were removed or disciplined for corruption	0	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0	0

Impact and Management Approach	Stakeholders Affected
Vistamalls believes that good governance includes good management of fraud and corruption incidents. The following policies comply with the principles and practices set out by the Company's Manual on Corporate Governance. All employees, directors, and members of management are oriented, and copies of the Company's whistleblowing policy and anti-corruption policies are provided. These regulations apply rigorously to everyone. To reinforce these principles during the epidemic, Vistamalls conducted online meetings and discussions and utilized all available channels, including email, social media, and virtual meetings, to disseminate diverse rules throughout the organization. All workers receive clear instructions on procedures, such as prohibitions on accepting gifts and guidance on preventing conflicts of interest. The Company ensures that discussions on the Anti-Corruption Policies are included in the on-the-job orientation and annual corporate values sessions. Before being granted projects and contracts, suppliers and contractors undergo a standard accreditation process, which includes screening for compliance with relevant regulations based on their experiences and track record. This process ensures that the Company only partners with third parties who have ethical business conduct. The policies are also available on the Company's website for all stakeholders to access. As a result, all employees, directors, management, and business partners receive training and communication on the	Employees, Suppliers, Directors and Management, Government Regulators

company's anti-corruption policies. Moreover, there were no reported instances of corruption in 2023.	
Risks	**Stakeholders Affected**
Corruption is identified to be inherent in any business. Vistamall believes that cases that are not dealt with proper action may lead to inefficiency in operations, loss of trust in the management, and damage to the Company's reputation.	Employees, Suppliers, Directors and Management, Government Regulators
Management Approach to Risks	
Measures and controls are in place to mitigate corruption risks. The internal audit procedures ensure clarity and traceability in the transactions made by Finance and Operations units. External auditors, on the other hand, test the effectiveness of these internal controls.	
Opportunities and Management Approach	**Stakeholders Affected**
Vistamalls continues to abide by the highest ethical standards as it conducts its business and to materialize the principles of good corporate governance in the entire organization through the different policies. Moreover, the Company remains compliant with the various regulations relevant for its business.	Employees, Suppliers, Directors and Management, Government Regulators

ENVIRONMENT DISCLOSURES

Energy and Emissions

Energy consumption within the organization

Disclosure	Units	2023	2022	2021
Gasoline				
EVIA	L	91	75	20
Starmall EDSA Shaw	L	2,056.05	1,085.41	3,648.68
LPG				
Starmall EDSA Shaw	kg	98,951.99	100,042	62,955.61
EVIA	kg	226,971.87	209,094.11	96,617
NOMO	m^3	56,628.86	32,097.09	9,387.48
WCC	kg	39,706.69	56,701.61	38,281.50
Vista Mall Taguig	kg	161,419.72	161,419.72	109,950.15
Vista Mall Bataan	kg	105,535.80	13,839.44	-
Diesel				
Vehicles				
EVIA	L	4,990.47	1,770	460
Vista Mall Bataan	L	10,657.67	10,714	6,573.96
Starmall EDSA Shaw	L	-	41,000	442.31
Generator Sets				
NOMO	L	4,000	4,010	9,189.80
Starmall EDSA Shaw	L	1,418.85	3,000	1,608
EVIA	L	981	1,111	476
Vista Mall Bataan	L	26,600	24,410	6,552
Vista Mall Taguig	L	936	936	936
WCC	L	14,087	26,102	29,500
Electricity				
NOMO	MWh	8,231.91	7,973.38	5,953.56
Starmall EDSA Shaw	MWh	9,583.80	8,602.26	6,735.82
EVIA	MWh	20,252.54	19,313.9	14,459.39
Vista Mall Bataan	MWh	7,112.94	7,355.81	9,396.11
Vista Mall Taguig	MWh	12,577.15	11,030.14	8,081.08
WCC	MWh	19,808.07	18,742.43	15,418.69

Energy Intensity

Disclosure	Units	2023	2022	2021
LPG				
WCC	kg/sq.m	85.07	121.47	58.44
Electricity				
NOMO	kWh/sq.m	152.02	147.25	-
WCC	kWh/sq.m	166.67	157.70	129.74
EVIA	kWh/mwh	1,000	1,000	-
Diesel				
Genset				
NOMO	L/hours	120.00	228.35	-
VistaMall Bataan	L/cu.m	1,000	1,000	-
Vehicle				
VistaMall Bataan	L/cu.m	1,000	1,000	-

Reduction[4] of energy consumption

Disclosure	Units	2023	2022	2021
Gasoline				
EVIA	L	16	(55)	28
LPG				
Starmall EDSA Shaw	kg	1,090.01	(37,086.39)	-
EVIA	kg	17,877.76	(112,477.11)	16,790
NOMO	m^3	(24,531.77)	(22,709.61)	(3,745.00)
WCC	kg	16,994.92	(18,420.11)	5,287.75
Vista Mall Taguig	kg	0	(51,469.47)	(6,631.15)
Diesel				
Vehicles				
EVIA	L	3,220.47	(1,310.00)	4,040
Vista Mall Bataan	L	3,379.80	(4,140.04)	713
Starmall EDSA Shaw	L	-	(40,557.7)	1,248
Generator Sets				
NOMO	L	10	5,179.80	26,566
Starmall EDSA Shaw	L	1,581.15	(1,392)	(430)
EVIA	L	(654)	(635)	23,524

[4] Negative values mean an increased consumption compared to previous year's consumption.

Vista Mall Bataan	L	(13,1400)	(17,858)	21,448
Vista Mall Taguig	L	3,750	1,970	969
Electricity				
NOMO	MWh	(258.53)	(2,019.82)	(496)
Starmall EDSA Shaw	MWh	(981.54)	1,866.44	84
EVIA	MWh	1873.74	(4,854.51)	(1,105)
Vista Mall Bataan	MWh	(9,416.96)	2,040.3	807
Vista Mall Taguig	KWh	(1,547.01)	(2,949.06)	(452.17)
WCC	KWh	(1,065.54)	(3,323.74)	3,841.72

Air Emissions

Greenhouse Gases[5]

Disclosure	2023	2022	2021
Direct (Scope 1) GHG Emissions (in tonnes CO2e) Gasoline			
EVIA	0.21	0.18	0.06
Starmall EDSA Shaw	4.67	-	-
Direct (Scope 1) GHG Emissions (in tonnes CO2e) LPG			
Starmall EDSA Shaw	303.38	306.72	193.02
EVIA	695.87	641.067	296.22
NOMO	318.07	180.28	52.73
WCC	121.74	173.84	117.37
Vista Mall Taguig	494.09	494.90	337.17
Vista Mall Bataan	42.30	42.43	-
Direct (Scope 1) GHG Emissions (in tonnes CO2e) Diesel			
Vehicles			
EVIA	13.36	4.745	1.23
Vista Mall Bataan	28.52	28.67	17.60
Starmall EDSA Shaw	-	109.74	1.18
Generator Sets			

[5] Restated for comparability

NOMO	10.05	10.07	23.09
Starmall EDSA Shaw	3.56	7.54	4.04
EVIA	2.46	2.79	1.20
Vista Mall Bataan	66.83	61.33	16.46
Vista Mall Taguig	2.35	2.36	2.35
WCC	35.39	-	-
Energy indirect (Scope 2) GHG Emissions (in tonnes CO2e) Electricity[6]			
NOMO	5,862.77	5,678.65	4,240.13
Starmall EDSA Shaw	6,825.58	6,126.53	4,797.25
EVIA	14,423.86	13,755.37	10,297.98
Vista Mall Bataan	5,065.84	5,238.81	6,691.91
Vista Mall Taguig	8,957.45	7,855.68	5,755.36
WCC	14,107.32	13,348.37	10,981.19
Scope 3 GHG emissions (in tons CO2e)	N/A	N/A	N/A
Emission of ozone-depleting substances (ODS)	N/A	N/A	N/A
Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and	N/A	N/A	N/A
Other Significant Air Emissions	N/A	N/A	N/A

Air Pollutants

Impact	Stakeholders Affected
Malls and commercial spaces consume energy for their cooling system, chiller plant operation, lighting, generator set operations, and tenants' use. As part of the Company's response to protect its employees, shuttle services are provided during site visits which are the source of diesel consumption in 2022.	Employees, Tenants, Customers
Management Approach to Impacts	
Vistamalls provides training to its operations staff on energy management measures which include the proper maintenance and operation of diesel generator sets. Evia's Genset is a standby power only. As per DENR-EMB MC2022-003, only genset that runs at three hours per day or 200 running hours annually	

[6] Emission Factor Used: DOE 2015-2017 National Grid Emission Factor (NGEF)

must perform emission tests. Energy saving measures are being adopted. These include measures such as: • upgrading lighting fixtures from CFL/fluorescent lightings to LED bulbs. As of 2023, 95% have been converted into LED lights; • scheduling the switching of lights, air conditioning units, elevators, and escalators; • daily temperature monitoring, wherein low temperatures necessitate turning off equipment. The 24-degree Celsius ambient temperature is maintained. ACUs are used during non-peak hours; • the use of the automatic switches for pumps and motors; • maximize the existing load capacity of transformers to cater activities; • diesel consumption is monitored through the purchase orders for servicing employees; • proper ventilation is provided to ensure normal working conditions for equipment; • regular preventive maintenance measures of equipment. Generator sets are scheduled quarterly for PMS and are undergo change oil annually; • ongoing replacement and upgrade of old electrical/mechanical equipment to prevent interruption due to equipment failures; and • cleaning of exhaust, filters and facilities are scheduled to improve equipment performance and efficiency. Regular inspection of all facilities and equipment is conducted to assess lighting and equipment usage in malls and to ensure that all systems are in tip-top condition to avoid sudden breakdowns and lessen the use of emergency power supply.	
Risks	**Stakeholders Affected**
Vistamalls sees the risk presented by power interruptions that may be caused by natural or man- made events. All malls have building administrators that track the usage of energy. They maintain data on the energy use trends of various facilities and equipment. The data serves as the main reference in budgeting energy benchmarks per month and in developing measures to ensure that the amount of consumption does not go beyond the budgeted energy consumption. Each month, the building administrators compare the actual kWh consumption versus the budgeted kWh consumption for the common area to avoid excessive use of energy. When the power usage is increasing in some areas, the building administrators discuss with technicians and security personnel on how to monitor the strategic switching off of electrical equipment like elevators, lights, and aircons as necessary. The building administrators are also trained to respond in emergency cases such	Employees, Tenants, Customers

as power interruptions.	
Opportunities and Management Approach	**Stakeholders Affected**
Vistamalls continuously seeks for feasible renewable energy sources for its malls and BPO spaces. In NOMO, the mall has been installed with 832 solar panels which will produce 370KW of DC power and output of 300KW with an annual production of 505.1 MWhr additional power. In early 2023, the solar panels operated and were turned over to the NOMO management. In EVIA, 60% of the open parking areas are installed with solar power lights. Actual savings for this reported in 2023 onwards. Overall, Vistamalls continuously improves its energy management to ensure efficiency of operations while providing a comfortable shopping experience for the customers.	Employees, Tenants, Customers

Water

Water consumption within the organization

Disclosure	2023	2022	2021
Water withdrawal (in m^3)			
NOMO	58,787	53,494	28,061
Starmall EDSA Shaw	82,096	58,098	54,490
EVIA	168,170	173,588	117,259
Vista Mall Bataan	128,058	157,180	18,479
WCC	96,520	84,955	58,946
Vista Mall Taguig	80,577	91,890	60,050
Water withdrawal Intensity (%)			
EVIA	100%	99.76%	-
NOMO	109%	99%	-
WCC	81%	71%	-
Water consumption (in m^3			
NOMO	32,442	7,627	10,516
Starmall EDSA Shaw	56,323	63,003	5,989
EVIA	168,506	174,013	83,370
Vista Mall Bataan	11,642	79,431	3,697

WCC	23,063	64,625	34,695
Vista Mall Taguig	36,926	44,107	28,824
Water recycled and reused (in m^3)			
EVIA	7,339	57,385	N/A

Effluents

Disclosure	2023	2022	2021
Total volume of water discharges (in m^3)			
NOMO	26,345	45,867	17,545
Starmall EDSA Shaw	4,745	-	48,501
EVIA	61,959	57,385	33,889
Vista Mall Bataan	116,416	No data	7,800
WCC	73,456	20,331	24,251
Vista Mall Taguig	57,969	47,782	31,226
Percent of wastewater recycled (EVIA only)	43.61%	33.0%	N/A

Impact and Management Approach	Stakeholders Affected
Water is a vital resource in the Company's operations. It is especially significant for the malls' cooling system, cooking and washing supply of tenants, and supply for comfort rooms and water features (e.g., fountains). The Company also ensures that discharges to creeks and rivers comply with national standards. The Company operates with the following measures in mind to ensure that water is consumed efficiently throughout the malls: • Minimize the use of water through proper scheduling of floor wash downs or cleaning of the malls and BPO spaces. • Train personnel on water conservation • Ensure regular maintenance schedule of all pipes, valves, and pumps • Take initiatives to prevent soil and water contamination by waterproofing of the Sewage Treatment Plant (STP) chambers that ensures the containment and discharge system have no leaks • Install new technologies such as sensor-type faucets in all malls and BPO properties. • Ensure regular testing is performed to pass water and wastewater	Employees, Tenants, Customers

<table>
<tr><td>quality standards set by government regulations
• Reduce percentage of valve opening in common areas
• Reduce water pressure in comfort rooms
• Open water features only during weekends
• Check and maintenance of pipes to avoid leaks
• Provide water meters for daily monitoring of water consumption

The Company ensures that its wastewater treatment facilities comply and meet the regulatory requirements set by the DENR and by the third-party providers. Quarterly testing is conducted to verify if water discharge complies with effluent standards by accredited testing laboratories.

Property management teams practice harvesting rainwater for flushing urinals and water closets and reuse it for perimeter cleaning and landscape maintenance.</td><td></td></tr>
<tr><th>Risks</th><th>Stakeholders Affected</th></tr>
<tr><td>Vistamalls is at risk of water crises. Additionally, non- compliance with effluent standards may cause ceasing of operations. Ultimately, it may result in significant health risks.</td><td>Employees, Tenants, Customers</td></tr>
<tr><th colspan="2">Management Approach to Risks</th></tr>
<tr><td colspan="2">The malls have installed water tanks to use as reserve supply during occasions of water shortage. Vistamalls is also modernizing its facilities to conform with the stricter standards of DAO 2021-19 and of Laguna Lake Development Authority (LLDA). It currently invests in bioaugmentation that hastens the breakdown of contaminants in wastewater. Particularly, this process uses non-hazardous and non-corrosive microbes to degrade fats, oils, starch proteins, industrial waste and grease and lowers sludge that can affect the environment.</td></tr>
<tr><th>Opportunities and Management Approach</th><th>Stakeholders Affected</th></tr>
<tr><td>Vistamalls takes part in preserving a healthy environment for all its stakeholders by maintaining the quality of wastewater to prevent water pollution in nearby water bodies, soil, and underground contamination from leakages. The Company is, therefore, continually assessing the possibility of installing water-recycling equipment to divert discharges for other uses such as landscape maintenance.</td><td>Employees, Tenants, Customers</td></tr>
<tr><th colspan="2">Management Approach to Opportunities</th></tr>
</table>

Vistamalls aims to reduce the water needed to run the facilities by a minimum of 20% by the end of 2023. As part of this goal, the Company plans to recycle wastewater to operate the cooling towers. It is also the initiative of Vistamalls to utilize water from the cooling tower to be used for perimeter cleaning.

One of the malls targets to reuse treated water from the STPs as an alternative source to supply water closets and urinals. This initiative expects to reuse 50% of water from the STP and will take off in 2023. Another mall also targets to reduce the mall sharing for water consumption vs tenant consumption to less than 50%

Aside from recycling, the property management teams maintain the piping system to discharge only in designated discharge points. They secure all hazardous waste properly. Monitoring of cistern tanks and sewage treatment plants are conducted weekly and they are cleaned annually.

Materials used by the organization

Disclosure		Units	2023	2022
Renewable Materials used				
EVIA	wood	pcs	3	3
	PVC pipe		35	35
NOMO	Paper, cartons, plastics	kg	840	7000
Vista Mall Taguig	Paper	kg	350 reams	40
	Plywood	pcs	208	-
WCC	Bond paper,	reams	332	-
Recycled input materials used				
EVIA	Gypsum board, Metal Furring, Plywood	pcs	50	65
NOMO	Paper, cartons, plastics	kg	840	7000
VistaMalls Bataan	Pet bottles	pcs	1	300
Vista Mall Taguig	Paper	kg	50	40
Percentage of reclaimed products and their packaging materials				
EVIA	Gypsum board	%	80	80
	Metal Furring		85	90
	Plyboard		75	75
NOMO	Paper,cartons, plastics		100	100
Vista Mall Taguig	Paper		50	50
Reclaimed products and their packaging materials			N/A	N/A

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

Vistamalls has no sites that significantly impact lands with high biodiversity value or located in or near protected areas. As a subsidiary of Vista Land, the Company employs the same procedures in land acquisition as its parent company. Engineering and environmental assessments are conducted to determine if the land is suitable for construction. The land must be topographically amenable to commercial development.

Other factors include:

- the general economic condition of the environment surrounding the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- the site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

Biodiversity in the company's operations

At Vistamalls' EVIA Lifestyle Center, it has become a daily exercise in support of biodiversity by conducting the following activities such as:

- Proper segregation and waste disposal
- Recycling of materials like (wood, paper, and metals)
- Comply to Environmental standards for waste-water and air cleanliness
- Propagation and gardening activities
- Conduct Preventive maintenance on all equipment to ensure effectiveness and efficiency.
- Uses recycled water to use in landscaping at Building expansion area
- Proper disposal of construction debris to eliminate land pollution
- Recycling of construction materials

The Company also supports programs such as the Villar Foundation (formerly known as Villar SIPAG) that champion biodiversity. Used plastics are donated in support of their plastics recycling program. The Company also produces and provides fertilizer to the foundation in support of their campaign against food waste.

Waste

Solid Waste

Disclosure		Units	2023	2022	2021
Reusable					
Vista Mall Bataan	Boxes, Plastic, Used tarps	kg	27	30	37.94
Recyclable					
NOMO	Paper, cartons, plastic	kg	840	7,000	7,200
Starmall EDSA Shaw	Paper, plastics, metal, aluminum	MT	11,875 kg	350	130
EVIA	Plastic	kg	2,867	2,606	50
	Paper & Cartons	kg	1,688	8,311	No data
	Glass bottle	kg	2,468	2,146	
	Aluminum	kg	189	272	
	Metal	kg	218	264	
	Others Pet Bottle	kg	1,050	921	
Vista Mall Bataan	Paper	kg	2,016	-	2,146
	Cans	kg/ month	3	3	-
	Plastic Gallons	kg	36.10	39.24	32.94
	Scratch paper	kg	1 per quarter	1 per quarter	7.3
Vista Mall Taguig	Paper	kg	20-	12	10
	Plastic	kg	15	7	7
WCC	Solid waste Septic Tank Sullage	cu.m	1,984	1,776	1,248
Composted					
NOMO	Kitchen waste	kg	816,000	149,000	108,000
	Dry waste	kg		1,200	-
	Assorted waste	MT		150.9	0.96
EVIA	Food Waste	kg	6,732	5,610	11,030
Starmall EDSA Shaw	Food waste	kg	1,050	-	-
Residuals/Landfilled					
Starmall EDSA Shaw	Paper	kg	-	200,000	200,000
EVIA	Paper	kg	9,145	10,437	550
	Plastics	kg	2,867	3,493	275

	Food waste	kg	6,732	133,000	16,970
Vista Mall Bataan	Assorted waste	kg	75	60	945
Vista Mall Taguig	Assorted waste	tons	583		224
WCC	Solid waste	cu.m.	2,424	-	-

Hazardous Waste

Disclosure		Units	2023	2022	2021
Total weight of hazardous waste generated					
NOMO	Bulbs, Batteries	pcs	No data available	No data available	0
	Used Oil	L			8,064
	Tissue Papers	kg			600
Starmall EDSA Shaw	Bulbs, batteries, grease sludge	MT	0.321	0.0825	0.061
EVIA	Bulbs	pcs	1,090	985	685
	Genset Batteries	pcs	12	17	16
Vista Mall Bataan	Bulbs	Pcs, kg	1,000	112[7]	112[5]
	Used Oil	gal	16	76	272[5]
	Face masks	kg	1	1	1
WCC	Bulbs, Used Genset Oil, Cooking Oil, Batteries	MT	4.55	2.79	1.19
Vista Mall Taguig	Bulb	kg	10	4	3
	Battery	kg	1	0.2	0.2
Total weight of hazardous waste transported					
NOMO	Not specified	kg	No data available	No data available	0
Starmall EDSA Shaw	Grease sludge	kg			450
	Bulbs	pcs			300
	Genset Batteries	pcs			18
EVIA	Not specified	pcs			2.5
Vista Mall Bataan	Not specified	kg	118	118	387

[7]In kilograms

Impact	Stakeholders Affected
Events, seasonal decorations, increased number of tenants, higher foot traffic, and higher car volume are the identified inputs that lead to more waste generation in Vistamalls during the year.	Employees, Tenants, Community, Contractors, Service providers, Customers, Government regulators, Farmers

Management Approach to Impacts

Vistamalls shared the responsibility of practicing effective waste management with its tenants and service providers in the belief that the shared roles made all key stakeholders accountable in ensuring overall efficient operations while reducing disposal costs through recycling.

Segregation at the source is encouraged for all the mall and BPO tenants. Each segregated waste is hauled by a waste disposal contractor to the proper facilities. Tenants are expected to strictly follow the trash bag color coding to prevent mixing of wastes.

Recyclable wastes, such as cartons, papers, and tarpaulins, are sent to Materials Recovery Facilities (MRFs), which are then sorted out and sent to buyers (e.g., junk and scrap buyers). All tenants are mandated to avoid using single-use plastics in packaging purchases in compliance with the local ordinances banning the use of such plastics.

Reusable wastes are diverted as materials for other projects. For instance, plastic gallons are reused as plant boxes, printing documents on scratch papers, old cartons as storage boxes for other smaller items, among others.

Some of the food wastes from the malls are composted. The wastes are transported to composting facilities of the Villar Foundation which would be processed as fertilizers that will be used by farmer-beneficiaries.

Vistamalls also ensures that all hazardous wastes are properly identified, characterized, stored, and transported, according to government regulations. To track the waste that was collected by a third- party hauler, the building admins ask for a certificate for hazardous waste disposal. There are deployed officers who track the activities of any third-party contractors and report them to the administration.

Risks	Stakeholders Affected

The improper disposal of materials and other resources increases waste generation which pollutes the environment. The risk increases with the hybrid way of working in 2023 that saw an increased foot traffic in the malls and the once vacated BPO spaces seeing employees on site. Vistamalls practices that having an effective solid waste management system also promotes an environment that is free from pests and unsanitary areas that may cause illnesses. Additionally, Solid Waste Management promotes compliance with the regulations and is a plus factor for incoming tenants. To track progress, identify and address gaps in its waste management process, Vistamalls regularly monitors its collected waste volume via manual tracking and visual confirmation while referencing the hauling data and estimations based on garbage truck capacity. This effort is vetted by haulers' own reports on their monthly solid waste collection. The Company's waste management policy is regularly communicated to the employees, tenants, and service providers through announcements of house rules, memos, signages on trash bins, emails, and letters. To monitor the compliance of all parties, officers are deployed to conduct surprise inspections and impose penalties and violation tickets to those parties who are non-compliant.	Employees, Tenants, Community, Contractors, Service providers, Customers, Government regulators

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	2023	2022	2021
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	0	0
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0	0
No. of cases resolved through dispute resolution mechanism	0	0	0

Impact	Stakeholders Affected
Vistamalls secure the environmental permits, including environmental compliance certificate and drainage permit for the sewage treatment plants, from the appropriate government agencies prior to any land development activity. As of 2023, the Company's retail and business process outsourcing (BPO) operations comply with all local and national environmental regulations. There are no fines and sanctions on record due to non-compliance with environmental laws and regulations in 2023.	Employees, Community, Government regulators
Management Approach to Impacts	
Each of the Company's retail and BPO operations has its own Pollution Control Officer (PCO), who oversees ensuring stakeholders' compliance to all environmental regulations.	
Risks	**Stakeholders Affected**
Environmental laws and regulations are set with important parameters that impede pollution and protect public health. Not complying with these laws may cause delays in proceeding with the projects and may impose risks to the environment and to the health of the communities.	Employees, Community, Government regulators
Management Approach to Risks	
Vistamalls takes a proactive approach in partnership with its tenants in ensuring compliance with Clean Air Act, Clean Water Act, Ecological Solid Waste Management Act, and others by maintaining efficient operations and continuous study of potential technologies to lessen environmental impact.	

Regular communication on company policies and guidelines is implemented to sustain this commitment. Among these policies and guidelines are the ban of single-use plastics, construction/fit out guidelines wherein the specification of lighting fixtures needs to be uniform with the building requirements, and the switching off of all facilities and equipment after small hours.

Opportunities and Management Approach	Stakeholders Affected
Vistamalls will continue to promote, implement, monitor, and invest in environmentally friendly practices to manage energy, water, and waste within the organization.	Employees, Tenants, Community, Contractors, Service providers, Customers, Government regulators

SOCIAL DISCLOSURES

Employee Management

Employee Hiring and Benefit

Employee Data	2023	2022	2021
Total number of employees	259	243	254
Number of female employees	149	134	142
Number of male employees	110	109	112
Attrition rate[8]	3.19%	-14%	-7%
Ratio of lowest paid employee against minimum wage	1:1	1:1	1:1

Employee Benefits

	2023			2022	
List of Benefits	Y/N	% of female employees who availed	% of male employees who availed	% of female employees who availed	% of male employees who availed
SSS	Yes	4.9	3.2	8.9	11.2
PhilHealth	Yes	4.5	4.3	5.03	3.76
Pag-IBIG	Yes	1.1	1.6	2.23	0.15
Parental leaves	Yes	3.2	1.6	3.35	3.76
Vacation leaves	Yes	65	44.5	55.8	34.5
Sick leaves	Yes	26.4	14	18.9	17.2
Medical Benefits (aside from PhilHealth)	Yes	35.4	28.0	22.5	20.6
Housing assistance (aside from Pag-IBIG)	Yes	100	100	100	100

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

Retirement fund (aside from SSS)[9]	Yes	100	100	100	100
Further education support	Yes	0	0	0	0
Company stock options	Yes	100	100	100	100
Telecommuting	No	0	0	0	0
Flexible-working Hours	No	0	0	0	0

Diversity and Equal Opportunity

Disclosure	2023	2022	2021
% of females in the workforce	58	55	56
% of males in the workforce	42	45	44
Number of employees from indigenous communities and/or vulnerable sector[10]	1	7	8

Impacts and Management Approach

Vistamalls believes that its employees are its most valuable assets and that they should be well-cared for while under its employment and within its premises.

The Company takes pride in being an Equal Opportunity Employer. It does not discriminate against its employees based on personal characteristics, including gender orientation. Its recruitment policy encourages hiring employees from different backgrounds, regardless of race, culture, and other personal traits. Moreover, the Company recruits from different areas in the country to ensure that it has reached a broader pool of candidates.

Vistamalls continues to exclude gender requirements in posting job advertisements to encourage both male and female applications. Older workers at a higher risk for work- related injuries are protected through expanded disability and health insurance. Telecommuting was made available, and shuttle services were provided to those who reported in the offices and malls. The Company implemented extended health programs via the Health Maintenance Organization (HMO) provider and other partner establishments.

New Hires and Turnovers

In 2023, the Company faced recruitment challenges due to pandemic-related restrictions. There was

9 The Company has a noncontributory defined benefit pension plan covering substantially all its regular employees. The benefits are based on current salaries and related compensation on the last year of employment. For 2022, none has availed of this benefit as no one retired for the mentioned year.

10 These are employees who are aged above 50 years old.

a slight increase in resignations, rising from an average of 7 in 2021 to 11 in 2022. Many employees left for new opportunities at companies offering hybrid work setups, which posed a recruitment challenge. In response to these, the Company is actively working to solve recruitment challenges while finding solutions that can attract potential employees, including the possibility of hybrid work arrangements.

Benefits

The competitive salary package ensures that the employees continue to strive to improve their skills. At the start of employment, recruiters explain to new hires that the salary increments are based on performance, which drives the employees to continue and do better. Since the beginning of 2023, the Company has required all of its employees to work on-site. Regular benefits like bonuses and health insurance were retained, along with performance evaluations to make sure employees were being fairly compensated.

Additional benefits on top of the government-mandated benefits are also provided that includes ample leave credits, health care cards, annual performance reviews, annual salary appraisals, employee career growth plans, training, seminars, etc. Long-term incentives like housing assistance and retirement plans are provided to qualified employees only.

Risks and Opportunities

The Company acknowledges risk in hiring and retaining personnel. Identified issues that can rise include negatively impacting Vistamalls' capacity to undertake project design, planning, and execution activities within the Company. If this occurs, the Company will be forced to engage third-party consultants that may require additional costs.

As the offices started to welcome back employees, some left for jobs that offer work- from-home arrangements, having experienced the advantages of at-home work. The current hybrid work arrangement will also require some work-around time and adjustment period for all concerned.

The Company ensures proper workplace succession by implementing job rotations and providing training programs to its employees.

Vistamalls observed that most of the workforce are young professionals, with an average age of 28.8. The Company, therefore, also considers attracting employees within this age group to achieve organizational goals and targets.

Management Approach to Risks and Opportunities

Vistamalls continuously evaluates its policies and procedures in hiring and retaining employees, including compensation and benefits offered, training, and career growth paths.

To ensure proper workplace succession, one method of candidate development includes job rotations within the organization that give key performers opportunities to gain experience in other departments. In addition, the Company provides management education and mentoring through leadership training and management development programs. Performance appraisal is another tool/method to ensure proper workplace successions.

Employee Training and Development

Disclosure	2023	2022	2021
Total training hours	896	684	848
Female employees	224	232	10
Male employees	672	452	9
Average training hours	3.46	2.81	3.34
Female employees	1.50	1.73	2.59
Male employees	6.11	4.15	4.29

Impacts and Management Approach

Building internal capacity through training and development activities increases employee satisfaction and motivation. Vistamalls believes employees feel appreciated and more valued whenever they are included in the training sessions. And the experience proved to be an excellent incentive in increasing employees' capacity to deliver and while promoting innovation and creativity.

Vistamalls partners with affiliate Vista Center for Professional Development in providing training needs of employees. Part of the training program is courses for Personality Development (Image Enhancement, Business Communication) and Technical Skills Development.

A standard Performance Evaluation Form is used to evaluate Vistamalls' employees on an annual basis. This process enables the company to rate employees based on their knowledge of their jobs and their compliance to Company values, among other considerations. The generated results are used by management as reference for determining the employees' promotions and salary increases.

Risks and Management Approach

Lack of training among employees may result in unsatisfied employees with stagnant skills.

The previous year has made it difficult to stage training for employees as all activities must be conducted virtually. Though the Company established virtual meetings and training, participants' attention spans for these are shorter as compared to pre-pandemic levels.

The Company has also shifted to online-based courses to ensure training, learning, and development while adjusting to the New Normal way of doing business.

Opportunities and Management Approach

Vistamalls employees who have done exceptional work in their respective fields are duly recognized. The Company provides merit increases and promotion to the next rank to deserving employees regardless of age or tenure. Employees also receive salary increments, travel incentives and/or promotions to the next rank based on performance evaluation.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2023	2022	2021
Safe Man-Hours	2,064	2,064	2,496
No. of work-related injuries	0	0	0
No. of work-related fatalities	0	0	0
No. of work-related ill-health	0	0	0
No. of safety drills	2	5	5

Impacts and Management Approach

Vistamalls prioritizes the health and safety of its employees, especially those required to report to the malls and offices. The Company reported zero cases of work-related fatalities and injuries in 2023.

The Department of Labor and Employment requires organizations to have an Occupational Safety and Health (OSH) committee and policy. Therefore, Vistamalls and the Health & Safety Committee take charge of maintaining documentation of the Company's health and safety policies.

The Health and Safety Policy covers the following:

1. Incident reporting;
2. First Aid Treatment;
3. Emergency Management;
4. Return to work policy; and
5. Safe Work Procedures

Safety policies and any other additional measures are communicated to employees through email blasts and memorandums posted on the bulletin board of offices, as well as discussions during staff meetings and social media platforms.

There is a formal joint management-worker health and safety committee. Its responsibility is to ensure proper communication and coordination of safe work procedures and policies between workers and employers. The committee is authorized to make decisions in terms of health and safety. Once every three months, the members meet.

Risks

The Villar Group gives priority to actions that will safeguard the health and safety of its workforce in 2023.

Work-related hazards that include fires or explosions, equipment malfunction, trips & slips, and work-related stress are always considered by the Company to be safety risks. Additionally, external events such as natural disasters may also significantly affect the Company's operations.

Management Approach to Risks

Vistamalls health and safety committee conducts risk assessments to identify occupational safety hazards and risks.

Additional safety measures have been implemented for COVID-19 prevention. Particularly, employees are required to answer a health survey form daily to ensure they do not experience any symptoms before reporting to the office. Temperature checks, hand sanitizers, and foot baths are also placed at the office entrances. In addition, the Company rearranged offices to consider physical distancing.

The Company presents the minutes of the meeting of the OSH committee to an external inspector from the Department of Labor and Employment to check for completeness and correctness. These are used to determine appropriate ways to eliminate the hazard or control the risk when the Company cannot eliminate the hazard. Aside from signages, the committee conducts collaborative meetings to review existing policies on risk reduction.

Employees are encouraged to relay any work-related hazards to their assigned safety officer or the Human Resources Department (HRD). Work-related incidents are investigated through witness testimonies and CCTV footage, if available. The Company also reviews work-related incident reports and determines the severity of these incidents to develop preventive actions. The senior management officer determines the severity of the situation and instructs the Human Resources Department to coordinate the order with the division head or officer-in-charge of the affected area/s.

The Company's occupational health services include pre-employment assessment and employee wellness. In addition, Vistamalls have clinics with an Emergency Response Team present to provide employees and customers with any emergent health crisis. Employees can have teleconsultations through the Company's accredited HMO provider. In addition, employees can access it through the

Company's partner HMO website and self-help kiosk. This helps identify the common illnesses among employees and if there are any work-related issues. The pre-employment assessment is an additional preventive measure in keeping the workplace safe. Accredited partners provide these that employees easily access. The On-Site Annual Physical Exam is done in our malls to ensure that everyone will be able to attend.

Vistamalls sends representatives for Basic Occupational Safety & Health Training and First-Aid Training. In addition to the standard training requirements of each department, training needs are also identified through the annual performance evaluation of employees. This evaluation identifies the employee's level of competency and knowledge and the training program that will complement these. BOSH training was provided for the selected safety officers per area, while the Company provided the PCO training for the lead engineer in the mall.

Annual Fire and Earthquake Drills are also participated by employees to ensure preparedness for a disaster. As of 2023, there were two runs of drills participated.

The management, safety committee, and other relevant departments work through strict coordination to ensure that risks are minimized. There is scheduled preventive maintenance to make sure that all equipment is properly working. Signages are put in place to keep employees cautious.

There are internal/external audits conducted on safety. These are conducted annually by DOLE and the Bureau of Fire Protection. Internal/External Audits are done through area inspection and drills.

Opportunities

The Company believes that trained employees have a strong sense of confidence brought on by the added knowledge and built skills. This also builds capacity for the talent pool to properly utilize health safety protocols adopted during the various phases of pandemic restrictions.

Vistamalls is committed to continually improve its occupational safety management system to ensure safe and healthy workplaces for its employees.

Management Approach to Opportunities

Ensuring a safe and healthy workplace is of paramount importance for the Company. Recognizing the importance of our employees' health and wellness, the Company has partnered with an HMO provider which includes various health benefits including medical and dental check-ups, annual physical examinations, and COVID-19 test drives to ensure a healthy and COVID-free environment.

With fewer COVID-10 cases and government protocols, the Company reverted to the normal work set-up of on-site work schedules and meetings.

The use of telemedicine is also encouraged to ensure employees can conveniently receive medical advice as needed. Employees are required to use the Vista Health App– a mobile app developed by the Villar Group so the Company can easily monitor employees with symptoms and refer them to telemedicine. Sanitizers, masks, and foot baths have also been in place within the premises since the start of the pandemic.

The Company also provides non-occupational medical and healthcare services to employees upon the regularization of their tenure. These range from consultations, laboratory tests, confinement, and minor and major procedures. Other health risks being addressed are Tuberculosis, Hepatitis B, and HIV-AIDS

Employees can also teleconsult through the company's accredited HMO provider's website or self-help kiosk.

Labor Laws and Human Rights

Disclosure	2023	2022	2021
No. of legal actions or employee grievances involving forced or child labor	0	0	0

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

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

Labor-Management Relations

Disclosure	2023	2022	2021
% of employees covered with Collective Bargaining Agreements	0	0	0
Number of consultations conducted with employees concerning employee-related policies	0	0	0

Impacts and Management Approach
The Company remains compliant with the different labor laws and regulations. There are no recorded cases of violation of human rights in 2023. Vistamalls has no collective bargaining

agreements with its employees and none of the employees belong to a union.

The Company recognizes the risks of having an unhealthy work environment due to non- compliance with labor laws and human rights. These may result in fines and sanctions imposed by the government. Moreover, strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations may negatively impact employees' productivity and the Company's reputation.

Vistamalls has high regard for its human resources and in turn, expects its workforce to deliver based on agreed targets as aligned to the mission of the organization. The Company facilitates company-sponsored activities and performs annual performance reviews to keep its employees informed and to monitor their progress.

Various platforms such as surveys, focus-group discussions, regular staff meetings, and coordination meetings are made available to encourage employees' participation. Open forum is seen as an opportunity for management to receive suggestions and other feedback from employees and vice versa. Regular values sessions are also conducted per department wherein Company values are reiterated and employees communicate their concerns.

The Human Resources Department (HRD) is tasked to welcome, accommodate, and address the concerns of the employees. Any complaints received pertaining to discrimination will be dealt with promptly and with fairness.

The HRD will investigate based on the incident report, testimony of the witnesses, and other evidence related to the commission of the offense. Employees are protected by the Whistle Blowing Policy so they can freely communicate their concerns without fear of retaliation. Employees are also empowered with direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

All employees are assured that their concerns are dealt with confidentiality and professionalism. The Company investigates the reported incident. Once vetted, the management and/or HRD will conduct the appropriate disciplinary action and will closely monitor the agreed resolution, if needed. This due process is based on the Company's Employee Code of Conduct and Discipline.

The policy states specific disciplinary actions towards offenses of discrimination, equivalent to separation. Article A Section 1-7 of the Company's Code of Conduct and Discipline (Offenses Against Person) states that any infraction of the Company rules and regulations shall give rise to appropriate disciplinary action that can range from a Written Warning, Suspension, or Dismissal. This is given after due process. The policy also noted that the Company does not encourage any act of insult, disrespect, or rudeness of employees.

The Management through the HRD ensures that the policy is relayed to all employees and stakeholders through orientations and onboarding sessions of new hires.

Any complaints received as related to perceived discrimination will be dealt with promptly and with fairness. As with other offenses, HRD will investigate based on the incident report, testimony of the witnesses, and carefully review other evidence related to the commission of the offense. If needed, a subject matter expert will be consulted to validate the information received. Once a resolution is formed, it is implemented, and the entire process is closely monitored. All employees shall be given due process before implementation of the sanction, if applicable.

The HRD and department heads are encouraged to keep their communication lines open to secure employees about reporting their concerns to the correct authority.

Vistamalls encourages workers to respect each other's differences and promotes the corporate core value. The Company conducts human capital risks assessments through the quarterly review of the existing manpower and employee rankings. The senior management is tasked to monitor employee performances in meeting business goals.

Supply Chain Management

Vistamalls has a supplier accreditation policy that considers the following sustainability Topics:

Topic	References in the company policy
Environmental performance	Purchasing Policies and Procedures Section II (Policy Statement) Section III (Procedures) OPC-PD-001b – Supplier Accreditation
Forced labor	
Child labor	
Human Rights	
Bribery and corruption	

Impacts and Management Approach
All suppliers are required to undergo the Vistamalls accreditation process which reviews their experience in the industry, financial capability, resources, and track record of adhering to quality, cost, and time of completion commitments. To date, Vistamalls has identified no significant environmental and social impacts of suppliers that may impact the supply chain. No suppliers were blacklisted in 2023 The Purchasing group facilitates the accreditation process. The Audit team rated the suppliers using score cards. ratings are heavily referenced from the following: • updated financial statements

- previous and existing contracts/projects
- manpower
- offices
- coverage of service

The prospective suppliers' environmental and social impacts are checked and evaluated based on certifications and required permits that were secured for their previous and existing projects. The suppliers are also tested for their ethical business practice and their capacity to adhere to the Philippine laws.

Risks and Management Approach

Vistamalls' supply chain faces various risks, such as: price fluctuations of materials (e.g., steel, cement, and other raw materials for construction), changing regulations, and labor shortages.

To mitigate risks of labor shortages, Vistamalls employs the services of local contractors in its various host communities. This back up plan also serves to strengthen ties with the local neighborhoods.

The in-house Purchasing Group is responsible for searching, selecting and accrediting suppliers. The group negotiates lock-in prices for an agreed period of time and manages the level of materials inventory. Materials are ordered by bulk to get the maximum discounted price for common requirements.

Online meeting platforms are used to connect with suppliers for negotiations and other transactions. Suppliers are asked to submit pictures of their offices for the Company to review and assess while actual visits are limited. Through constant research and foreign travels for benchmarking; Suppliers undergo a thorough accreditation process that includes background investigation, submission of complete and updated financial documents and the necessary government permits and certifications, company and plant visits, and other pertinent inquiries.

For suppliers who were identified as non-compliant, Vistamalls address such issues by:

- providing timelines for those who failed to meet the quality and specifications of the Company. If the timeline is still not followed, Vistamalls has the option to cancel the contracts.
- issuances of letters of delay that indicate the grace period for suppliers to resolve the issue. If the grace period has passed and the issue is still not resolved, the

Companies will impose penalties as stipulated in the contracts.

Opportunities and Management Approach

The Villar Group's procurement teams are wont to synergize as good business practice. This win-

win move ensures a better negotiation edge of the collective block for key goods and services.

Vistamalls will continuously provide the necessary training and development opportunities for employees to improve their skills as procurement professionals.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant impacts on local communities	Breastfeeding stations
Location	All malls
Vulnerable groups[11] (if applicable)	Women, mothers
Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have a designated breastfeeding area for lactating mothers
Mitigating measures or enhancement measures	Dialogue with the communities on their needs

Operations with significant impacts on local communities	Terminal/Transport Hubs
Location	Naga
Vulnerable groups (if applicable)	Children, youth, and elderly
Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have the highest standard of living by providing access to transportation
Mitigating measures or enhancement measures	Traffic management on terminals

[11] Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

Operations with significant impacts on local communities	Designated access to ramps, elevators, comfort rooms for PWD, waived parking fees and government mandated benefits for Senior Citizens
Location	All malls
Vulnerable groups (if applicable)	PWD, Senior Citizens

Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have the highest standard of living by providing access to goods and other necessities
Mitigating measures or enhancement measures	Ensure cleanliness, orderliness and safety

Operations with significant impacts on local communities	Eucharistic celebrations
Location	Taguig, Malolos, Tanza, Dasma, EDSA-Shaw, Naga
Vulnerable groups (if applicable)	Children, youth, and elderly
Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have access for local eucharistic gatherings
Mitigating measures or enhancement measures	Crowd control and accurate scheduling

Operations with significant impacts on local communities	Free venue for school events
Location	Sta. Rosa
Vulnerable groups (if applicable)	Children, youth
Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have access for local venues
Mitigating measures or enhancement measures	Crowd control and accurate scheduling

Operations with significant impacts on local communities	Free use of playground, football field
Location	Lakefront
Vulnerable groups (if applicable)	Children, youth
Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have the highest standard of living by providing access to goods and other necessities
Mitigating measures or enhancement measures	Crowd control, safety and proper maintenance

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

Impacts and Management Approach

In keeping with the Company belief that its business success is reliant on the level of progress and growth of its host communities, Vistamalls ensures its stakeholders are given priority in job opportunities while sustaining local business which in turn generates increased taxes for the government.

Vistamalls also sustains its community relations by conducting regular monthly engagements with its stakeholders, keeping them updated with news and developments including seasonal marketing activities. The malls' locations which are in strategic proximity of key public transport terminals and community developments while housing retail outlets and other essential stores such as supermarkets and drug stores also bring the extra benefits of ready access to shoppers

Vistamalls takes part in tackling the transportation challenge with an "all-hands-on-deck" mindset by firming up the partnership between its malls and its transport company through Metro Express (MEX) Transport. This partnership resulted in having point-to-point buses and jeepneys to select branches of Vistamalls to cater to the malls' customers, tenants, and employees.

As the Company expands its reach across the country, it fosters its mission to enhance and enrich the retail experiences of the modern mall rats. Vista Mall Bataan is a prime showcase of a lifestyle mall that effectively combines modern and aesthetic shopping spaces with a widespread selection of retail options from retail outlets to restaurants and other entertainment features. The mall is also the preferred event site for various trade and lifestyle events with strategic partners such as various government agencies to retail brands promotions in celebration of various holidays.

This strategy was encouraged in all Vistamall properties with marketing events in 2023 carefully curated to encourage new levels of convergence, experience, and grandeur for their diverse markets. The malls also participate in annual green initiatives and educational campaigns such as the 2023 Earth Hour. Aside from dimming the mall lights for one hour, properties such as Vista Mall Dasmarinas complemented the observance with a Stargazing activity while a Neon Carnival Fest and a Neon Dance Party were held by Vista Mall Tanza and Starmall San Jose Del Monte respectively.

In March 2023, Vista Mall Sta. Rosa in partnership with Brittany Corporation hosted a big bike ride and breakfast gathering for the Ducati Monster Club PH and other big bike clubs. The Breakfast Club not only bolstered camaraderie among fellow riding aficionados but it is also instrumental in expanding its members' network and with an opportunity to boost Vistamalls' clientele.

The Company also supports government initiatives that need to reach out to the public. Vistamalls partnered with the Philippine Statistics Authority (PSA) for registration for the Philippine identification (ID) system or the national ID. The national ID aims to boost efficiency, especially in dealing with government services where people only need to present the PhilID during transactions

Vista Mall and Starmall founded the Give Hope Project as the flagship program for our Corporate Social Responsibility arm.

Free COVID tests were administered to employees with symptoms, and teleconsultation was made available through the help of our partner HMO.

Customer Management

Customer Satisfaction

Sites	Did a third party conduct the customer satisfactory study?	Customer Satisfaction Score		
		2023	2022	2021[12]
EVIA	Yes	4.6	4.7	4.7
NOMO	Yes	4.3	4.6	4.5
Starmall EDSA Shaw	Yes	4.5	4.3	4.3
Vista Mall Bataan	Yes	4.5	4.3	4.3

[12] The customer satisfaction is based on Google Reviews

Vista Mall Taguig	Yes	4.4	4.4	-
Worldwide Corporate Center	N/A	N/A	N/A	N/A

Impacts

Vistamalls' strategic locations have affirmed its reputation as a reliable transport hub for commuters. Public transportation includes point-to-point buses, public buses, jeepneys, and taxis.

Operating in an industry easily influenced by a fickle and demanding market, the Company adopted several approaches to gather inputs from customers on their perceptions and satisfaction levels vis-à-vis the malls' overall appearance, operations, cleanliness, activity areas and quality of partner-establishments. One such resource tapped in 2023 is a year-long weekly survey through Google reviews. The Google results were supplemented by a quarterly data collection from an online panel survey which aimed to monitor incidence checks on retail establishments at a brand level. Both digital options were sustained given their resource-saving benefits and faster data collection versus the pre-pandemic face to face interviews Vistamalls used to rely on.

Management Approach to Impacts

Prompted by its latest customer survey results for a wider and later dining and shopping selection, Vistamalls sustained its efforts to upgrade the tenant mix by continuously bringing together both affiliate and non-affiliate brands in mall spaces while maintaining its standard of premium shopping facilities and services.

Vistamalls affiliates such as AllDay supermarket and AllHome improvement store and other AVG brands have launched online shops where customers can purchase their desired items and have them delivered to their doorsteps. The very first self-checkout counters in one of our AllDay supermarkets, which was also recognized as the very first of its own in the Philippines.

Vistamalls' vision of premium shopping experience is embodied in the way it renovated its malls, purposely accenting architectural structures and new tenants blending well with the usual AllValue affiliates. Mindful of the rise of pet ownership spurred by pandemic lockdowns in recent years, the Company planned more al fresco dining spaces to attract this growing niche market. Vistamalls continued to bring in new retail concepts based on international retail trends to ensure local shoppers are updated on the latest and best products and services.

Vistamalls also sustained its personalized and convenient services through its personal shoppers, curbside pick-up service, and accommodating various delivery partners. The management continues to strive hard to provide excellent customer service by making the shopper's experience more convenient and seamless.

Risks and Management Approach

As more and more people begin to shop without wearing masks with the easing of pandemic restrictions, Vistamalls observed that the rise in foot traffic in 2023 brought with it a growing hungry for a bigger variety of physical stores and dining options, cooler air conditioning, more parking spaces and additional comfort rooms especially for female shoppers. Declining interest was seen in facilities related to kids, pets, benches, and automated teller machines (ATMs).

Traffic on routes and communities in proximity to the malls were also pointed out but were issues beyond management's control.

Opportunities and Management Approach

Vistamalls is keenly aware that first impressions and pleasant surroundings have a resounding impact on the modern-day shopper. It is for this reason that the Company remains focused on the continuous improvement in the design and structure of its existing and upcoming malls.

The Company's malls are built in proximity to villages and subdivisions, with good air-conditioning systems, world-class cinemas, beautifully designed and with a warm and cozy mall ambience.

Vistamalls makes sure to have a complete mix of tenants to create a one stop shop experience for the customers. The Company's malls meet international standards for retail establishments.

Health and Safety

Disclosure	2023	2022	2021
No. of substantiated complaints[13] on product or service health and safety	0	0	0
No. of complaints addressed	0	0	0

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

Impacts
During the 2023 reporting year, the Company has received no complaints. Vistamalls maintains an open communication for any concerns or complaints relating to the health and safety of its customers. The Company recognizes the importance of effective communication and has taken a proactive stance in the resolution of any issues that may affect its varied stakeholders.
Management Approach to Impacts
With the reopening of the economy, Vistamall launched the Vistamalls Outdoor– a collection of beautiful outdoor spaces in locations such as Evia Lifestyle Center and Vista Mall Sta. Rosa. On top of this, customers have commended the Vistamalls' adherence to health and safety protocols. For example, mall goers have raised a clean and well- sanitized comfort room as a concern. In line with this, Vistamalls has always ensured that comfort rooms were properly manned by well-trained housekeeping personnel to maintain cleanliness and sanitation. In addition, antibacterial hand soap, sanitized hand dryers, bidet, and toilet tissue are provided for customers. Furthermore, an antibacterial air freshener is installed to kill airborne bacteria and maintain a fragrant odor. Another concern was instilling overall awareness in mall goers regarding what to do when natural disasters (such as earthquakes or fire) occur. To answer this, Vistamalls conduct quarterly evacuation drills with the mall's Emergency response team, the City Disasters Risk Reduction Management Council, and the participation of mall goers and mall employees and tenants. In addition, well-lit evacuation plans are installed in crowded areas so customers can easily identify where the nearest exits are when these incidents happen.
Risks
The Company maintains its safety protocols in recognition of the continued, albeit lowering, threat of Covid and its variations to customers and employees. Other identified risks to Vistamalls and its stakeholders include exposure to the dangers of natural calamities
Management Approach to Risks

The corporate brand of Vistamalls is to bring convenience shopping to a higher level, well capable of being compared to its international counterparts. This points to the remarkable efforts and investments allocated by the Company in the upkeep and overall maintenance to keep the malls to this standard.

The health and safety of customers and employees remain a top priority for Vistamalls. The Company ensures that health and safety risks concerning the pandemic would be well managed on its premises. Cleaning agents (chemicals) have been a go-to in disinfection procedures. Trained medical teams are on standby to handle first aid procedures in emergencies. Mall clinics also provide support for emergencies and are connected with hospitals nearby for other medical emergencies that the in-house clinics cannot treat.

Health and safety protocols remain in place even with the easing up of Covid protocol restrictions. The existing sanitation and security procedures include but are not limited to the following:

- Regular disinfection of common areas;
- Ultraviolet sterilization of escalator handrails;
- Disinfection of elevator buttons, ATMs, and other high contact areas every 30 minutes;
- Availability of alcohol and hand sanitizer dispensers at mall entrances and common areas;
- Implementation of passenger capping at elevators (floor stickers are installed to help guide customers);
- "3-Step Rule" for escalators (customers should be three steps apart when using the escalator);
- Hourly sanitation of comfort rooms, mall clinic, and breastfeeding & pumping station (including door handles, locks, faucet, and other high-contact areas);
- Provision of trash bins for face mask and glove disposal; and
- Separate doors for entry and exit.
- Air conditioning is regulated to 24 centigrade until further notice.
- Free mall Wi-Fi is disabled for the time being.

These initiatives are strictly being implemented and observed in malls nationwide to ensure safety.

Opportunities and Management Approach

Safety measures and facilities are continuously improved to prevent any health related concerns. Even as the pandemic changed the way customers shop and dine, Vistamalls must maintain a clean and safe environment for its customers. Therefore, Vistamalls observe the government-mandated safety protocols nationwide in all its malls to guarantee a safe transition to the new normal.

Marketing and Labeling

Disclosure	2023	2022	2021
No. of substantiated complaints on marketing and labelling	0	0	0
No. of complaints addressed	0	0	0

Impacts
No significant impact was identified by the Company in 2023 due to zero substantiated complaints on its varied marketing and promotional efforts which included but were not limited to seasonal activities, artist mall shows, children's events, movie and album mall tours, product launches, and other events in partnership with local schools and government units.
Management Approach to Impacts
Meetings with sales and marketing teams are consistently conducted to ensure that the Company is up to date with the latest trends in the retail market, both locally and internationally. Navigating through the pandemic, Vistamalls maximized the use of social media and websites to stay in touch with its customers. Dissemination of information on activities, products, services, and promos is also being done through the Company's social media accounts.
Risks
Given that Vistamalls is a service-based organization, the work from home arrangement is not applicable due to the need for actual inspection of mall premises and equipment
Management Approach to Risks
The Company remains sensitive to customer needs and always keeps up with the constant changes of trends in the local and international retail industry. This includes trends in tonality, designs, and even types of activities to implement to suit the market's taste.
Opportunities
The Company has been receiving requests from local community leaders regarding conducting events in Vistamalls. In response, the Company is looking into venturing more into events and promotions that directly connect to its community.
Management Approach to Opportunities
Each Vistamall branch has its designated marketing team that handles mall promotions and close coordination with the community. Having a designated team for each branch helps the branches grasp what the customer needs and be able to address them promptly and accurately.

Customer privacy

Disclosure	2023	2022	2021
No. of substantiated complaints on customer privacy	0	0	0

No. of complaints addressed	0	0	0
No. of customers, users, and account holders whose information is used for secondary purposes	0	0	0

Data Security

Disclosure	2023	2022	2021
No. of data breaches, including leaks, thefts and losses of data	0	0	0

Impacts and Management Approach
In 2023, Vistamalls had no reported cases or complaints regarding customer privacy. Moreover, there were no data breaches reported in the same year. Its processes are in line with the Data Privacy Act. In addition, its Data Privacy Officers regularly attend training and seminars accredited and organized by the National Privacy Commission. In Vistamalls, Privacy Impact Assessments for all systems are completed and updated yearly. Results from these assessments are then submitted to management for their reference. Simultaneously, the IT group has a standard procedure for all suppliers to ensure they follow the privacy policies when working on projects. There is an existing Privacy Manual wherein the most salient points are then disseminated to officers, employees, third-party providers, and professional advisors of Vista Land and Lifescapes—the parent company, through regular offline and online briefings. Changes, recommendations, and updates concerning data privacy legislation, rules, regulations, and policies regarding privacy are being monitored by DPO and COPs. Visit https://www.vistamalls.com.ph/privacy-policy to know more about the Company's privacy policy. More than just a statement, historical data shows that data security has always been a priority issue in Vistamalls.
Risks
Potential risks to data security include but are not limited to data breaches, leaks, thefts, and losses of data. Digitally translated services, marketing, and other transactions require customers to share their personal information, thus putting the responsibility on Vistamalls to strengthen their customer privacy measures to control any incident or leaks of customer information.

Impacts and Management Approach
In 2023, Vistamalls had no reported cases or complaints regarding customer privacy. Moreover, there were no data breaches reported in the same year. Its processes are in line with the Data Privacy Act. In addition, its Data Privacy Officers regularly attend training and seminars accredited and organized by the National Privacy Commission. In Vistamalls, Privacy Impact Assessments for all systems are completed and updated yearly. Results from these assessments are then submitted to management for their reference. Simultaneously, the IT group has a standard procedure for all suppliers to ensure they follow the privacy policies when working on projects. There is an existing Privacy Manual wherein the most salient points are then disseminated to officers, employees, third-party providers, and professional advisors of Vista Land and Lifescapes—the parent company, through regular offline and online briefings. Changes, recommendations, and updates concerning data privacy legislation, rules, regulations, and policies regarding privacy are being monitored by DPO and COPs. Visit https://www.vistamalls.com.ph/privacy-policy to know more about the Company's privacy policy. More than just a statement, historical data shows that data security has always been a priority issue in Vistamalls.
Management Approach to Risks
The Company ensures that data security management is established and practiced adequately. Regular inspections on policy form inclusion, physical and electronic storage, processing, and disposal of data are implemented within the Company. In addition, necessary updates are being done continuously to be prepared for evolving threats to data security.
Opportunities
Vistamall continues to strengthen its online presence and use of new digital tools to reach out to customers. With that, strengthening its data security infrastructure is an ongoing initiative of Vistamalls.
Management Approach to Opportunities
See Management Approach for Customer Privacy.

Contribution to the UN SDGs

Vistamalls as a commercial, office, and business process outsourcing (BPO) development business, primarily contributes to the following global goals

Societal Value / Contribution to UN SDGs		
	7 AFFORDABLE AND CLEAN ENERGY	**SDG 7: Affordable and Clean Energy** Vistamalls continuously seeks feasible renewable energy sources for its malls and BPO spaces. In NOMO, the mall has been installed with 832 solar panels, and in EVIA, 60% of the open parking areas are installed with solar power lights. Actual savings for this are reported from 2023 onward. Overall, Vistamalls continuously improves its energy management to ensure efficiency of operations and modern energy services while providing a comfortable shopping experience for customers.
	8 DECENT WORK AND ECONOMIC GROWTH	**SDG 8: Decent Work and Economic Growth** Vistamalls provides employment opportunities to surrounding communities where the Company operates. This is done either through direct employment in property management and operations; or indirectly through contractual partners, and our tenant establishments that occupy spaces in buildings. The Company also contributes to decent work and economic growth through promotional spaces in our activity centers. The Company indirectly provides economic growth to the LGU where it has operations. Growth comes from through tax payments to the LGU, activity partnerships in its commercial spaces and activity centers, and other related initiatives.

SDG 9: Industry, Innovation and Infrastructure

Vistamalls' operations contribute to bringing goods and services closer to the local communities where they operate, and encourages small- and medium-scale industries to grow and develop in our commercial, office, and BPO spaces. In addition, the Company's partnership with Villar SIPAG encourages farmers and small industries to develop their initiatives and spur innovation that would lead to lasting positive change.

SDG 11: Sustainable Cities and Communities

Vistamalls' commercial, office, and BPO spaces encourage sustainable growth in the communities in which it operates, as the Company's establishments serve as one-stop shops for the needs of its citizens. Amenities that conform to international standards, such as activity centers, indoor playgrounds, shops, movie theaters, and other public spaces, contribute to the development of the community in terms of economic and social integration. In addition, the construction of transport terminals in the Company's malls contributes to infrastructure improvements in the communities it serves. This means that citizens in the communities where we operate no longer need to travel long distances to get what they need. Vistamalls also contributes to Vista Land's contribution to SDG 11, through the Communities initiative of integrated urban development.

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

VISTAMALLS, INC. SEC ANNEX 2023

PART VI – EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17 A

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Consolidated Financial Statements of the Company as of and for the year ended December 31, 2023.

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

Reports on SEC Form 17-C

The following current reports have been reported by Vistamalls, Inc. during the year 2023 through official disclosure letters dated:

February 03, 2023
Additional Corporate Notes Issuance of an Affiliate

April 05, 2023
Three-year Corporate Notes Issuance of an Affiliate
April 17, 2023
Additional Corporate Notes Issuance of an Affiliate

April 18, 2023
BOD Meeting Resolution – Approval to release the 2022 Audited Financial Statements of the Company

April 28, 2023
Board Meeting Resolution – Approval of Annual Stockholders' Meeting

June 26, 2023
Results of Annual Stockholders' Meeting
Results of Organizational Meeting of Board of Directors

August 14, 2023
BOD Meeting Resolution - Approval to release the 1H2023 Unaudited Financial Statements of the Company

September 28, 2023
Cash Dividend Declaration

November 14, 2023
BOD Meeting Resolution - Approval to release the 9M2023 Unaudited Financial Statements of the Company

November 24, 2023
Approval to Change in Stock Transfer Agent

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

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on APR 15 2024.

By:

MANUEL PAOLO A. VILLAR
President and Chief Executive Officer

MA. NALEN SJ. ROSERO
Corporate Secretary and
Chief Information Officer

BRIAN N. EDANG
Chief Financial Officer

ROWENA B. BANDIGAN
Chief Accountant

SUBSCRIBED AND SWORN to before me this APR 15 2024 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Manuel Paolo A. Villar	P4237701B	17 Dec 2019 / DFA Manila
Ma. Nalen SJ. Rosero	P4792226B	12 Feb 2020 / DFA NCR East
Brian N. Edang	P9937644A	14 Dec 2018 / DFA NCR East
Rowena B. Bandigan	P8621753A	04 Sep 2018 / DFA Manila

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Series of 2024.

ATTY. AR[illegible] OMAR B. CARINO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

VISTAMALL

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Vistamalls, Inc. and Subsidiaries (the "Group")** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached herein, for the years ended December 31, 2023, 2022, and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether to fraud or error.

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

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

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

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

Signed this __________ day of APR 15 2024 2024.

MANUEL B. VILLAR, JR.
Chairman of the Board

MANUEL PAOLO A. VILLAR
President

BRIAN N. EDANG
Chief Financial Officer and Head Investor Relations

SUBSCRIBED AND SWORN, to before me this __________ 2024 __________ at MANDALUYONG CITY __________, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date and Place of Issue
Manuel B Villar, Jr.	P2529752B	12 JUL 2019 / DFA MANILA
Manuel Paolo A. Villar	P4237701B	17 DEC 2019 / DFA MANILA
Brian N. Edang	P9937644A	14 DEC 2018 / DFA NCR EAST

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

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Page No. 15
Book No. XXII
Series of 2024.

ATTY. ARGIN CESAR M. CARINO
NOTARY PUBLIC
Vista Corporate Center, ...
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 0 0 0 0 3 9 5 8 7

COMPANY NAME

V I S T A M A L L S , I N C . A N D S U B S I D I A R I E S

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

L G F , 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

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S	S E C	N / A

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
431	**06/28**	**12/31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Brian N. Edang	**brian_edang@ vistaland.com.ph**	**3226-3552/ 8874-5758**	**0917-801-0637**

CONTACT PERSON's ADDRESS

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

NOTE1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Vistamalls, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Recoverability of investment in associate

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

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

Audit response

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

Provision for Expected Credit Losses

The Group applies simplified approach in calculating expected credit loss (ECL) of its receivable from tenants. Allowance for credit losses and the provision for credit losses as of and for the year ended December 31, 2023 amounted to ₱893.92 million and ₱679.55 million, respectively. Key areas of judgment include segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the calculation; and incorporating forward-looking information (called overlays) in calculating the ECL. The determination of provision for credit losses for receivables from tenants, specifically, the exposure at default includes consideration of the security deposits and advance rent, and financial support and credit enhancements extended by any related party of the tenants.

The disclosures related to the allowance for credit losses using ECL model are included in Note 5 to the consolidated financial statements.

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Audit Response

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

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

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

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

April 15, 2024

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Notes 7, 23 and 24)	**₱157,310,728**	₱3,516,072,117
Short-term cash investment (Notes 8, 23 and 24)	**7,322,177**	7,392,888
Investment at fair value through profit or loss (Notes 8, 23 and 24)	**25,798,248**	25,461,603
Receivables (Notes 1, 9, 23 and 24)	**9,342,507,362**	8,098,399,464
Receivable from related parties (Notes 20, 23 and 24)	**3,160,157,971**	2,644,764,176
Real estate properties for sale	**301,890,413**	302,220,899
Other current assets (Notes 1 and 11)	**3,184,418,910**	3,035,452,580
Total Current Assets	**16,179,405,809**	17,629,763,727
Noncurrent Assets		
Investments at fair value through other comprehensive income (Notes 8, 20, 23 and 24)	**1,233,621,473**	1,241,143,555
Receivables - net of current portion (Notes 1, 9, 23 and 24)	**25,144,669,857**	17,545,399,950
Property and equipment (Note 1)	**24,481,458**	36,535,683
Investment in associate (Notes 1, 8 and 20)	**9,898,566,077**	9,835,637,208
Investment properties (Notes 1 and 10)	**46,625,547,235**	44,899,551,714
Other noncurrent assets (Notes 1 and 11)	**167,391,209**	331,390,827
Total Noncurrent Assets	**83,094,277,309**	73,889,658,937
	₱99,273,683,118	₱91,519,422,664
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12, 23 and 24)	**₱5,321,235,140**	₱5,146,520,520
Advance rent and security deposits (Notes 1 and 13)	**1,155,291,641**	1,121,608,979
Payable to VLLI (Notes 20, 23 and 24)	**30,109,086,289**	32,696,186,513
Income tax payable	**2,205,946**	10,818,621
Current portion of:		
Bank loans (Notes 14, 23 and 24)	**444,848,868**	455,599,705
Lease liabilities (Notes 23, 24 and 25)	**491,283,892**	462,046,517
Total Current Liabilities	**37,523,951,776**	39,892,780,855
Noncurrent Liabilities		
Bank loans - net of current portion (Notes 14, 23and 24)	**1,275,237,318**	1,718,798,338
Lease liabilities - net of current portion (Notes 23, 24 and 25)	**6,270,553,790**	6,255,097,279
Pension liabilities	**53,517,172**	49,158,170
Deferred tax liabilities - net (Note 19)	**8,889,297,913**	6,365,044,055
Other noncurrent liabilities (Note 15)	**386,312,639**	636,528,087
Total Noncurrent Liabilities	**16,874,918,832**	15,024,625,929
Total Liabilities	**₱54,398,870,608**	₱54,917,406,784

(Forward)

	December 31	
	2023	2022
Equity (Note 16)		
Equity attributable to equity holders of the Parent Company:		
Capital stock	**₱8,449,481,156**	₱8,449,481,156
Additional paid-in capital	**6,389,314,354**	6,389,314,354
Retained earnings	**33,891,742,283**	25,617,070,581
Other comprehensive loss	**(4,016,045,195)**	(4,011,979,200)
	44,714,492,598	36,443,886,891
Non-controlling interest (Note 21)	**160,319,912**	158,128,989
Total Equity	**44,874,812,510**	36,602,015,880
	₱99,273,683,118	₱91,519,422,664

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

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

	Capital Stock (Note 16)						
	Preferred Stock	Common Stock	Additional Paid-in Capital (Note 16)	Retained Earnings (Note 16)	Other Comprehensive Income	Non-Controlling Interest (Note 21)	Total
Balances as at January 1, 2023	**₱23,500,000**	**₱8,425,981,156**	**₱6,389,314,354**	**₱25,617,070,581**	**(₱4,011,979,200)**	**₱158,128,989**	**₱36,602,015,880**
Net income	–	–	–	8,532,813,246	–	2,207,080	8,535,020,326
Other comprehensive loss	–	–	–	–	(4,065,995)	(16,157)	(4,082,152)
Total comprehensive income (loss) for the year	–	–	–	8,532,813,246	(4,065,995)	2,190,923	8,530,938,174
Cash dividend declared	–	–	–	(258,141,544)	–	–	(258,141,544)
Balances as at December 31, 2023	**₱23,500,000**	**₱8,425,981,156**	**₱6,389,314,354**	**₱33,891,742,283**	**(₱4,016,045,195)**	**₱160,319,912**	**₱44,874,812,510**
Balances as at January 1, 2022	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱17,475,393,694	(₱2,619,111,110)	₱155,495,913	₱29,850,574,007
Net income	–	–	–	8,362,105,646	–	4,739,976	8,366,845,622
Other comprehensive loss	–	–	–	–	(1,392,868,090)	(2,106,900)	(1,394,974,990)
Total comprehensive income (loss) for the year	–	–	–	8,362,105,646	(1,392,868,090)	2,633,076	6,971,870,632
Cash dividend declared	–	–	–	(220,428,759)	–	–	(220,428,759)
Balances as at December 31, 2022	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱25,617,070,581	(₱4,011,979,200)	₱158,128,989	₱36,602,015,880
Balances as at January 1, 2021	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱13,204,169,450	(₱1,768,543,981)	₱156,294,916	₱26,430,715,895
Net income	–	–	–	4,407,214,416	–	484,123	4,407,698,539
Other comprehensive income	–	–	–	–	(850,567,129)	(1,283,126)	(851,850,255)
Total comprehensive income for the year	–	–	–	4,407,214,416	(850,567,129)	(799,003)	3,555,848,284
Cash dividend declared	–	–	–	(135,990,172)	–	–	(135,990,172)
Balances as at December 31, 2021	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱17,475,393,694	(₱2,619,111,110)	₱155,495,913	₱29,850,574,007

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Vistamalls, Inc. (the Parent Company, or VMI) was incorporated in the Republic of the Philippines and duly registered with the Philippine Securities and Exchange Commission (SEC) on October 16, 1969, originally to pursue mineral exploration. After obtaining Philippine SEC approval, the Parent Company later changed its primary business and is now presently engaged in holding investments in shares of stock and real estate business.

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

The Parent Company is 88.34% owned by Vista Land & Lifescapes, Inc. (VLLI) and the rest by the public. VLLI is a publicly-listed investment holding company which is 65.84% owned by Fine Properties, Inc., (Ultimate Parent Company), as of December 31, 2023 and 2022 and the rest by the public.

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

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

Vista REIT Transaction

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

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

Execution of Property-for-Share Swap Agreement and Deed of Assignment of Leases between the Sponsors and VREIT

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

The Assigned Properties consists of the following:

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

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

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

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

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

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

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

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

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

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

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

2. Basis of Preparation

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

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

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

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

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

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

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

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

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

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

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

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group. Noncontrolling interests are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the NCI, even if this results in the NCI having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

As at December 31, 2023 and 2022, percentage of non-controlling interests pertaining to Manuela Corporation is 0.15%. The voting rights held by the non-controlling interest are in proportion of their ownership interest.

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

3. Changes in Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

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

4. Summary of Material Accounting Policies

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

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

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

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

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

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

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

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

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

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

<u>Short-term Cash Investments</u>
Short-term cash investments consist of money market placements made for varying periods of more than three (3) months and up to twelve (12) months. These investments earn interest at the respective short-term rates.

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

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

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

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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

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

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

The Group's financial assets at amortized cost includes cash, short-term cash investments, receivables (except for advances to contractors), receivables from related parties and restricted cash. Restricted cash is presented in 'Other current assets' and 'Other noncurrent assets'.

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

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

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

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

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

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

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

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

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

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

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

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

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

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

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

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

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

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

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

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

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

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

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized when, and only when: (a) the right to receive cash flows from the assets expires; (b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks

and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

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

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

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

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

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

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

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

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

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

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

Restricted Cash
Cash restricted for use are bank deposits restricted solely for payment of the principal amortization and interest of certain bank loans. These deposits bear prevailing interest rates and will be retained as deposits until the bank loans are fully paid.

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

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

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

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

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

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

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

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject for impairment.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Construction-in-progress are carried at cost and transferred to the related investment

property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

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

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

	Years
Buildings and building improvements	10 to 40 years or lease term, whichever is shorter
Right-of-use assets	3 to 30 years

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

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or for disclosure purposes.

Impairment of Nonfinancial Assets

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

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

OCI. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Defined benefit costs comprise the following:

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

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

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

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

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

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

<u>Income Taxes</u>

Current tax

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Leases

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

Group as Lessee

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

Lease Liabilities

At the commencement date of the lease, the Group recognizes the liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

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

Lease Modification

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

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

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

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

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

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

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

As of December 31, 2023, 2022 and 2021, the Group has no potential dilutive common shares (see Note 21).

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

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

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

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

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

5. Material Accounting Judgments and Estimates

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

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

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

Determination of the lease term
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Group determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Group has a lease contract for the land where investment properties are situated that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

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

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

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

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

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

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

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

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

Provision for expected credit losses of financial assets
Cash, short term cash investments and restricted cash:

The Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group uses external credit rating approach to calculate ECL for cash in banks, short-term cash investments and restricted cash. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. These information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

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

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

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

Further details are provided in Note 9.

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

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

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

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

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. Fair value less costs to sell pertain to quoted prices and for fair values determined using discounted cash flows (DCF) or other valuation technique such as multiples. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect property and equipment, investment properties and other nonfinancial assets. For investment in associate, this requires an estimation of the recoverable amount which is the higher of fair value less costs to sell or value-in-use. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows for the cash generating unit (i.e., consideration of the current lease data and rental projections which was based on the current lease contract rates and other terms) and also to choose a suitable discount rate in order to calculate the present value of cash flows.

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

Further details are provided in Notes 8 and 10.

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

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

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

Further details are provided in Note 19.

6. Segment Information

The Group's shopping malls and commercial centers are all located in the Philippines and are treated as one operating segment. The real estate development of MC is very minimal to the overall operations and financial position of the Group as of December 31, 2023 and 2022. These were not treated as a separate segment by the chief operating decision maker for its review, evaluation and allocation of resources.

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

There is no cyclicality in the Group's operations.

7. Cash

This account consists of:

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

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

Interest earned from cash in banks for the years ended December 31, 2023, 2022, and 2021 amounted to ₱1.08 million, ₱2.02 million, and ₱1.37 million, respectively (see Note 18).

8. Investments

Short-term Cash Investments
Short-term cash investments consist of money market placements with maturities of more than three months up to one year and earn annual interest at the respective short-term investment rates ranging from 3.00% to 3.25% for 2023, 2022 and 2021.

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

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

The movement of the accounts follows:

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

Investment at Fair Value Through OCI
The investment at fair value through FVOCI consists of VLLI shares carried at fair value which the Group irrevocably elected to classify as FVOCI.

The movement of the accounts follows:

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

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

The movement of the account follows:

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

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

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

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

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

The summarized statements of financial position of VREIT follows:

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

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

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

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

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

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

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

9. Receivables

This account consists of:

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

Accounts receivable from tenants
Accounts receivables from tenants represent the outstanding receivables arising from the lease of commercial centers relating to the Group's mall and offices and are collectible within 30 days from billing date. Except for lease contracts with related parties, these are covered by security deposit of tenants' equivalent to two to four-month rental and two to four-month advance rent paid by the lessees. This includes both the fixed and contingent portion of lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Investment Properties

The rollforward analysis of this account follows:

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

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

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

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

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

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

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

In the determination of fair values in 2023 and 2022, market value approach method was used for land, income approach method was used for completed and substantially completed malls and office buildings for rent and cost approach method was used for construction in progress under early stage of construction and right-of-use asset.

The key assumptions used to determine the fair value of the investment properties held for leasing are the estimated rental value per sqm per year, rental growth rate per annum, vacancy rates and discount rates. The discount rate used in the valuation are of 9.20% to 9.60% and 8.77% to 9.70% in 2023 and 2022, respectively. Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum, and an opposite change in the long-term vacancy rate and discount rate.

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

The fair value measurement using unobservable data in active market is Level 3 of the fair value hierarchy.

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

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

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

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

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

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

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

11. Other Assets

This account consists of:

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

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

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

Restricted cash are deposits restricted solely for payment of the principal amortization and interest of certain bank loans. These deposits bear prevailing interest rates and will be retained as deposits until the bank loans are fully paid. Deposit balance should be equivalent to two quarters of debt amortization. Interest income from restricted cash amounted to ₱7.00 million, ₱2.28 million, and ₱2.24 million in 2023, 2022 and 2021, respectively (see Note 18).

Creditable withholding taxes pertain to taxes withheld by the customer and are recoverable and can be applied against income tax in future periods. For the years ended December 31, 2023, and 2022, creditable withholding taxes applied to income tax payable amounting to ₱114.74 million and ₱143.53 million, respectively.

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

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

12. Accounts and Other Payables

This account consists of:

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

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

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

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

Current portion of liabilities for purchased land
Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate payables. Liabilities for purchased land that are payable beyond one year from year end date are presented in 'Other noncurrent liabilities' (see Note 15).

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

projects. Retention payables that are payable beyond one year from year end date are presented in 'Other noncurrent liabilities' (see Note 15).

Accrued expenses
Details of accrued expenses as follow:

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

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

13. Advance Rent and Security Deposits

This account consists of:

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

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

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

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

14. Bank Loans

Bank Loans

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

The rollforward analysis of this account follows:

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

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

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

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

The Group has complied with the covenants required by the bank loans as at December 31, 2023 and 2022. The compliance of MAPI and MC to the covenants of their respective bank loans are based on their standalone financial statement balances.

As disclosed in Note 10, certain investment properties are used as collateral to bank loans.

15. Other Noncurrent Liabilities

This account consists of long-term portion of:

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

16. Equity

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

	2023	2022
Preferred		
Authorized shares	**10,000,000,000**	10,000,000,000
Par value per share	**₱0.01**	₱0.01
Issued and outstanding shares	**2,350,000,000**	2,350,000,000
Value of shares issued	**₱23,500,000**	₱23,500,000
Common		
Authorized shares	**16,900,000,000**	16,900,000,000
Par value per share	**₱1.00**	₱1.00
Issued and outstanding shares	**8,425,981,156**	8,425,981,156
Value of shares issued	**₱8,425,981,156**	₱8,425,981,156

Registration Track Record
On November 13, 1970, the SEC approved the listing of the Parent Company's common shares totaling 1,000,000,000 shares. The shares were initially issued at an offer price of ₱0.01 per share.

After listing in 1970, there had been subsequent issuances covering a total of 7,425,981,156 shares.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as at December 31, 2023:

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

Retained Earnings
In accordance with Revised Securities Regulation Code Rule 68, the Parent Company's retained earnings available for dividend declaration as at December 31, 2023, after reconciling items, amounted to ₱5,516.82 million.

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

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

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

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

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

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

As at December 31, 2023, 2022 and 2021, the Group had the following ratios:

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

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

The Group considers as capital the equity attributable to equity holders of the Parent Company.

The following table shows the component of the Group's equity which it manages as capital as at December 31, 2023, 2022 and 2021:

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

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

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

Financial Risk Assessment

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

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's counterparties remain diverse, and the outstanding balance of selected related parties are provided with financial support by Fine Properties, Inc., ultimate parent company. As discussed in Note 6, out of the total rental income in 2023, 80.27% comes from anchor tenant of the Group which is a related party.

17. Other Operating Income

This account consists of:

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

Gain on derecognition of liabilities includes gain from termination of lease contract wherein the Group is the lessee (see Note 25).

18. Interest Income and Expense

Interest income consists of:

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

Interest expense and other financing charges consist of:

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

19. Income Tax

Provision for income tax consists of:

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

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

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

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

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

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

The related unrecognized deferred tax assets on these deductible temporary differences are coming from the Parent Company of the Group which is a holding company.

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. The subsidiaries recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

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

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

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

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

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

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

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

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

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Entities under common control are those entities outside the Group but are related parties of Fine Properties, Inc. Related parties may be individuals or corporate entities.

The Parent Company and its subsidiaries have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirement under Revised Securities Regulation Code Rule 68 and SEC Memorandum Circular 10, series 2019.

The Parent Company has an approval requirement such that material related party transaction (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements. The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The consolidated statements of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable (payable) with related parties as of December 31, 2022 and 2021:

2023

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

2022

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

The significant transactions with related parties follow:

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

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

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

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

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

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

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Group based on its scheme waived its right to collect rent and other charges as part of various lease concessions it granted to its related party lessees such as lease payment holidays or lease payment reductions. The rent concession granted by the Group to its related party tenants for the years ended December 31, 2022 and 2021 amounted ₱30.97 million and ₱11.70 million, respectively.

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

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

In May and November 2019, the Group amended certain lease contracts with All Value Group. The amendments of the lease contracts are as follow:

a. Extension of the lease term by 10-15 years commencing from the lease modification date; and
b. From annual fixed rent to variable rent based on agreed percentage on gross sales or agreed minimum guaranteed rent (MGR) with annual escalation, whichever is higher

The Ultimate Parent Company also has lease agreements with the Group for the lease of its office spaces. The rental due is based on prevailing market conditions.

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

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

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

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

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

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

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

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

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

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

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

e) The Group entered into lease agreements pertaining to parcels of land wherein the Group's commercial centers are situated with Fine Properties, Inc. and other related parties under common control of VLLI. These leases have terms ranging from 20 to 25 years, with rental escalation clauses and renewal options.

f) Details of dividends declared to stockholders are discussed in Note 16.

g) Property-for-Share Swap

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

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

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

In addition, the Parent Company served as the guarantor for the following borrowings entered into by its related parties which the Parent Company unconditionally and irrevocably guaranteed. No fees are charged for these guarantee agreements. The Parent Company assessed that the expected credit loss from its guaranteed obligation of VLLI and VII is nil. Therefore, the obligation related to the guarantee extended by the Parent Company is nil.

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

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

b. US$200.00 million Notes (Due July 2027)
On July 20, 2020, VLL International, Inc. (VII), a wholly-owned subsidiary of VLLI, issued US$ 200.00 million notes ("Notes") which are due on July 10, 2027 for refinance existing debt and for general corporate purposes.

As of December 31, 2023 and 2022, outstanding balance of the note amounted to US$198.62 million (₱10,997.85 million) and US$198.30 million (₱11,056.18 million), respectively.

c. US$350.00 million Notes (Due November 2024)
On November 28, 2017, VII issued US$350.00 million notes ("Notes") which are due on November 28, 2024 for general working capital purposes, refinancing and other general corporate purposes of the subsidiaries under VLLI.

As of December 31, 2023, and 2022, outstanding balance of the note amounted to US$348.54 million (₱19,298.78million) and US$346.93 million (₱19,343.13 million), respectively.

d. US$425.00 million Notes (Due June 2022)
On June 18, 2015, VII issued US$300.00 million bonds which are due on June 22, 2022 for general working capital purposes, refinancing and other general corporate purposes of the subsidiaries under VLLI. As of December 31, 2022, the amount due was fully paid.

On February 2, 2016, VII issued additional USD$125.00 million bonds with the same terms and conditions with the above note. On September 29, 2016, VII repurchased US$54.54 million out of the US$425.00 million notes outstanding balance prior to the repurchase date. As of December 31, 2022, the amount due was fully paid.

B. Corporate Note Facility

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

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

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱104.72 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023, the outstanding balance of the Corporate Notes is ₱9,918.49 million.

b. ₱6,000.00 million Corporate Notes (Due March 2027)
On March 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2027 amounting to ₱4,000.00 million at a fixed rate of 6.64% per annum, payable in equal 17 quarters.

On June 1, 2022, an additional issuance of Corporate Notes was made in the amount of ₱2,000.00 million due 2027, at a fixed interest of 7.24% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱51.36 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023 and 2022, the outstanding balance of the Corporate Notes is ₱4,643.22 million and ₱5,961.35 million, respectively.

c. <u>₱12,000.00 million Corporate Notes (Due December 2025)</u>
On January 31, 2023, an additional issuance of Corporate Notes was made in the amount of ₱2,900.00 million due 2025, at a fixed interest of 7.26% per annum, payable on maturity date.

On December 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2025 amounting to ₱8,600.00 million at a fixed rate of 7.93% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱35.46 million and ₱51.77 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023 and 2022, the outstanding balance of the Corporate Notes is ₱11,402.86 million and ₱8,548.23 million, respectively.

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

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

As of December 31, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱2,810.51million and ₱6,543.95 million, respectively.

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

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

As of December 31, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱3,788.12 and ₱4,810.31 million , respectively.

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

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

As of December 31, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱8,572.57 million and ₱8,764.30 million, respectively.

C. Peso-denominated Loan

a. ₱6,500.00 million Loan
In December 2023, VLLI obtained a 5-year unsecured peso denominated loan amounting to ₱6,500.00 million which bears annual fixed interest of 7.54%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the second interest payment date subject to prepayment option.

As of December 31, 2023, the outstanding balance of the peso denominated loan is ₱6,465.05 million.

b. ₱1,600.00 million Loan
In December 2023, VLLI obtained a 3-year unsecured peso denominated loan amounting to ₱1,600.00 million which bears annual fixed interest of 7.10% payable quarterly. 70% of the principal amount of the loan will be paid in equal quarterly installments commencing at the end of the 6th month from drawdown date, and the 30% balance will be paid in full on maturity date.

As of December 31, 2023, the outstanding balance of the peso denominated loan is ₱1,600.00 million.

c. ₱5,000.00 million Loan
In June 2021, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the second interest payment date subject to prepayment option. As of December 31, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱2,493,34 million and ₱3,487.21 million, respectively.

d. ₱2,500.00 million Loan

In May 2021, VLLI Company obtained a 5-year unsecured peso denominated loan amounting to ₱2,500.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 16 equal quarterly installments commencing on the fifth interest payment date. As of December 31, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱1,556.46 million and ₱2,187.50 million, respectively.

e. ₱5,000.00 million Loan

On March 2020, the VLLI obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.89%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments commencing September 2020. As of December 31, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱1,314.25 million and ₱2,368.42 million, respectively.

f. ₱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, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱315.79 million and ₱947.37 million, respectively.

g. ₱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, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱200.00 million and ₱600.00 million, respectively.

h. ₱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, 2022, the outstanding balance of the peso denominated loan is ₱500.00 million. (Nil in 2023)

i. ₱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, 2022, the outstanding balance of the peso denominated loan is ₱500.00 million. (Nil in 2023)

Compensation of Key Management Personnel

The compensation of key management personnel by benefit type follows:

	2023	2022	2021
Short-term employee benefits	**₱30,063,586**	₱27,880,332	₱25,706,288
Post-employment benefits	**13,353,971**	12,718,068	12,407,871
	₱43,417,557	₱40,598,400	₱38,114,159

21. Earnings Per Share and Noncontrolling Interest

Earnings Per Share

The following table presents information necessary to compute the EPS:

	2023	2022	2021
Net profit attributable to equity holders of Parent Company	**₱8,532,813,246**	₱8,362,105,646	₱4,407,214,416
Weighted average common shares	**8,425,981,156**	8,425,981,156	8,425,981,156
Basic/Diluted EPS	**₱1.013**	₱0.992	₱0.523

The basic and dilutive earnings per share are the same due to the absence of potentially dilutive common shares for the years ended December 31, 2023, 2022 and 2021.

Noncontrolling Interest

The Group's noncontrolling interest arises from MC. The summarized financial information of MC is provided below. The information is based on amounts before inter-company eliminations.

Manuela Corporation

	2023	2022	2021
Assets	**₱21,618,287,906**	₱19,749,983,559	₱20,279,969,621
Liabilities	**8,272,055,870**	7,968,830,330	8,009,166,689
Equity	**13,346,232,033**	11,781,153,225	12,270,802,932
Total comprehensive income (loss)	**1,533,732,488**	(1,404,599,690)	(535,979,797)
Attributable to:			
Equity holders of VMI	**1,533,716,331**	(1,402,492,790)	(535,180,794)
Non-controlling interest	**(16,157)**	(2,106,900)	(799,003)

As of December 31, 2023, 2022 and 2021, the accumulated balances of non-controlling interest and net income attributable to non-controlling interests follows:

	2023	2022	2021
Accumulated balances	**₱160,319,912**	₱158,128,989	₱155,495,913
Net income	**2,207,080**	4,739,976	484,123
Other comprehensive income (loss)	**2,190,923**	2,633,076	(1,283,126)

22. Contingencies

The Group is contingently liable with respect to lease contracts and other transactions arising in the ordinary course of business.

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

23. Fair Value Determination

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash, short-term cash investments, restricted cash, accounts receivable from tenants, other receivables, receivables from related parties, accounts and other payables (except for deferred output VAT and other statutory payables) and payable to VLLI: Due to the short-term nature of the accounts, the fair values approximate the carrying amounts in the consolidated statements of financial position except for the carrying value of the noncurrent portion of restricted cash which represents its fair value as it carries interest rate that are prevailing market rates for similar type of instrument.

Investments at FVTPL and FVOCI
Fair values of equity securities are based on quoted market prices.

Bank loans
Estimated fair values are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranges from 6.42% to 7.40% in 2023 and 5.50% to 8.05% in 2022 using the remaining terms to maturity.

Liabilities for purchased land and retention payable
Estimated fair value are based on the discounted value of future cash flows using the prevailing interest rates for similar types of instruments as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 6.42% to 7.39% in 2023 and 5.40% to 7.89% in 2022 using the remaining terms to maturity.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities recognized as at December 31, 2023 and 2022:

	December 31, 2023				
	Carrying Value	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets					
Financial assets measured at fair value :					
Investments at FVTPL	₱25,798,248	₱25,798,248	₱–	₱–	₱25,798,248
Investments at FVOCI	1,233,621,473	1,233,621,473	–	–	1,233,621,473
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loans	1,720,086,186	–	–	1,720,086,186	1,720,086,186
Liabilities for purchased land	301,353,731	292,693,473	–	–	292,693,473
Retention payable	515,682,975	491,091,458	–	–	491,091,458

	December 31, 2022				
	Carrying Value	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets					
Financial assets measured at fair value :					
Investments at FVTPL	₱25,461,603	₱25,461,603	₱–	₱–	₱25,461,603
Investments at FVOCI	1,241,143,555	1,241,143,555	–	–	1,241,143,555
Liabilities					
Financial liabilities for which fair values are disclosed:					
Bank loans	2,174,398,043	–	–	2,469,991,213	2,469,991,213
Liabilities for purchased land	365,904,626	360,300,704	–	–	360,300,704
Retention payable	544,850,207	453,743,671	–	–	453,743,671

In 2023 and 2022, there were no transfers between Levels of fair value measurements.

Significant increases (decreases) in discount rate would result in significantly higher (lower) fair value of the bank loans, liabilities for purchased land and retention payable.

Description of significant unobservable inputs to valuation:

Account	Valuation Technique	Significant Unobservable Inputs
Bank loans	Discounted cash flow analysis	Discount rate
Liabilities for purchased land	Discounted cash flow analysis	Discount rate
Retention payable	Discounted cash flow analysis	Discount rate

24. Financial Assets and Liabilities

Financial Risk Management Objectives and Policies

Financial risk
The Group's principal financial liabilities comprise of accounts and other payables (except for deferred output VAT and other statutory payables), payable to VLLI, liabilities for purchased land, lease liabilities, retention payable and bank loans. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as cash, short-term cash investments, receivables (except for advances to contractors), receivables from related parties, restricted cash, investment at FVTPL and investment at FVOCI which arise directly from its operations. The main risks arising from the use of financial instruments are credit risk and liquidity risk.

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

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

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

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

With respect to credit risk arising from the other financial assets of the Group, which are comprised of cash in banks, short-term cash investments, receivables from tenants, accrued rent receivable, receivables from related parties, restricted cash, investment at FVTPL and investment at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years.

The Group evaluates the concentration of risk with respect to receivables from third party tenants as low, as its customers are located in several jurisdictions and various income brackets and operate in largely independent markets.

The Group evaluates the concentration of risk with respect to receivable from related parties (refer to Note 20). The related parties have a strong capacity to meet their contractual cash flows and Fine Properties, Inc., the ultimate parent company, has provided financial letter of support to the related party receivables.

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

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

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

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

The Group's maximum exposure to credit risk as of December 31, 2023 and 2022 is equal to the carrying values of its financial assets.

As of December 31, 2023 and 2022, the credit quality per class of financial assets is as follows:

	2023					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash in banks	₱156,790,228	₱–	₱–	₱–	₱–	₱156,790,228
Short-term cash investments	7,322,177	–	–	–	–	7,322,177
Investment at FVTPL	25,798,248	–	–	–	–	25,798,248
Investment at FVOCI	1,233,621,473	–	–	–	–	1,233,621,473
Receivables from tenants and accrued rent receivable	21,526,498,589	–	–	4,207,880,452	893,921,027	26,628,300,068
Receivable from related parties[1]	3,218,440,000	–	–	–	–	3,218,440,000
Other receivables[2]	–	–	–	75,332,001	–	75,332,001
Restricted cash	148,272,551	–	–	–	–	148,272,551
Receivable from related parties	3,160,157,971			–	–	3,160,157,971
	₱29,476,901,237	₱–	₱–	₱4,283,212,453	₱893,921,027	₱34,654,034,717

[1]Net of other receivables which are nonfinancial assets amounting to ₱32,983,786.
[2]These pertain to assigned receivables to AVHC (see Note 9).

	2022					
	Neither Past Due nor Impaired					
	High Grade	Standard	Substandard Grade	Past due but not Impaired	Impaired	Total
Cash in banks	₱3,515,516,617	₱–	₱–	₱–	₱–	₱3,515,516,617
Short-term cash investments	7,392,888	–	–	–	–	7,392,888
Investment at FVTPL	25,461,603	–	–	–	–	25,461,603
Investment at FVOCI	1,241,143,555	–	–	–	–	1,241,143,555
Receivables from tenants and accrued rent receivable	15,086,372,631	–	–	5,611,940,792	679,547,684	21,377,861,107
Other receivables[1]	–	–	–	54,471,411	–	54,471,411
Restricted cash	147,869,377	–	–	–	–	147,869,377
Receivable from related parties	2,644,764,176			–	–	2,644,764,176
	₱22,668,520,847	₱–	₱–	₱5,666,412,203	₱679,547,684	₱29,014,480,734

The Company's basis in grading its receivables are as follow:

High-grade – pertain to receivables from related parties which based on experience are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. High-grade receivables from tenants and accrued rent receivable are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the security on receivables are readily enforceable).

Standard – pertain to active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard – pertain to receivables that can be collected provided the Group makes persistent effort to collect them.

The Group's investments at fair value through profit or loss and through other comprehensive income are considered by the Group to be of high quality.

Cash in banks, short-term cash investments and restricted cash are deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single group, resource-wide, of financial institutions in the country the Group is operating. They offer the widest variety of banking services among financial institutions. These financial assets are classified as high grade due to the counterparties' low probability of insolvency.

As of December 31, 2023 and 2022, the aging analyses of the Company's receivables are as follow:

	2023						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Accrued rent receivable	₱21,434,575,025	₱–	₱–	₱–	₱–	₱–	₱21,434,575,025
Receivables from tenants	91,923,564	127,425,484	2,605,311	822,026,207	3,255,823,450	893,921,027	5,193,725,043
Receivables from related parties	3,218,440,000	–	–	–	–	–	3,218,440,000
Installment contracts receivables	–	–	–	–	51,252,982	–	51,252,982
Receivables from related parties	–	–	–	–	3,160,157,971	–	3,160,157,971

	2022						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Accrued rent receivable	₱14,381,711,261	₱–	₱–	₱–	₱–	₱–	₱14,381,711,261
Receivables from tenants	704,661,370	81,248,699	1,950,701	93,708,296	5,435,033,096	679,547,684	6,996,149,846
Installment contracts receivables	–	–	–	–	51,970,903	–	51,970,903
Receivables from related parties	–	–	–	–	2,644,764,176	–	2,644,764,176

Current receivables include billed lease receivables and accrued rent receivables which are not yet contractually collectible. Past due but not impaired include lease receivables which are aged 31 to over 90 days but collection is still probable. Impaired receivables are lease receivables from terminated tenants which are less likely to be collected.

The Group has collaterals in the form of security deposits and advance rent with respect to billed lease receivables that have been identified as past due but not impaired.

Applying the expected credit risk model resulted to recognition of impairment loss of ₱239.62 million in 2023 and ₱246.75 million in 2022.

Liquidity Risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2023 and 2022.

Maturity Profile of Financial Liabilities
The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022 based on undiscounted contractual payments, including interest payable.

	December 31, 2023				
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱–	₱148,228,905	₱431,114,139	₱1,414,303,432	₱1,993,646,476
Lease liabilities	–	118,533,564	372,750,328	14,084,201,449	14,575,485,341
Accounts and other payables*	275,118	4,345,760,922	483,045,272	331,792,498	5,160,873,810
Payable to VLLI	30,109,086,289	–	–	–	30,109,086,289
	₱30,109,361,407	₱4,612,523,391	₱1,286,909,739	₱15,830,297,379	₱51,839,091,916

**Excluding deferred output VAT, other payables and including security deposit*

	December 31, 2022				
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱–	₱157,106,541	₱460,347,072	₱2,073,109,332	₱2,690,562,945
Lease liabilities	–	111,983,605	350,062,911	14,300,804,059	14,762,850,575
Accounts and other payables*	303,675	4,591,384,495	490,516,624	575,677,112	5,657,881,906
Payable to VLLI	32,696,186,513	–	–	–	32,696,186,513
	₱32,696,490,188	₱4,860,474,641	₱1,300,926,607	₱16,949,590,503	₱55,807,481,939

25. Leases

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

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2023 and 2022 follow:

	2023	2022
Within one year	**₱5,252,910,199**	₱4,679,612,053
More than 1 year to 2 years	**5,808,667,808**	5,165,773,393
More than 2 years to 3 years	**6,164,817,297**	5,728,837,427
More than 3 years to 4 years	**6,367,408,093**	6,228,249,514
More than 4 years to 5 years	**6,885,619,810**	6,547,470,102
More than five years	**219,479,317,939**	227,512,601,428
	₱249,958,741,146	₱255,862,543,917

Rental income included in the consolidated statements of comprehensive income for the years ended December 31, 2023, 2022 and 2021 amounted to ₱12,673.46 million, ₱11,710.84 and ₱8,836.17 million, respectively.

Contingent rent included in rental income for the years ended December 31, 2023, 2022 and 2021 amounted to ₱1,240.61 million, ₱1,239.04 million, and ₱1,241.22 million, respectively.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Group came up with its own waiver scheme that applies to different classifications of lessees based on their respective financial position and performance before and during the community quarantine, their status as an essential vis-à-vis non-essential service, and their growth projections. The Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Granting of concessions were extended up to December 31, 2021 and beyond depending on the tenant's profile and credit. The rent concessions granted by the Group for the years ended December 31, 2022 and 2021 amounted to ₱30.97 million and ₱185.28 million, respectively.

The Group as a Lessee
The Group, as lessee, has lease contracts for parcels of land where its commercial centers are situated with the lease term of 2 – 25 years. Rental due is based on prevailing market conditions. Generally, the Group is not restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

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

	2023	2022
Depreciation expense of right-of-use assets included in investment properties	**₱231,221,760**	₱230,973,881
Interest expense on lease liabilities	**506,740,223**	501,286,555
Expenses relating to short-term leases (included in operating expenses)	**7,417,205**	4,067,662
Total amount recognized in statement of comprehensive income	**₱745,379,188**	₱736,328,098

The rollforward analysis of lease liabilities follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	**₱6,717,143,796**	₱6,638,539,279
Additions and lease modification	**–**	–
Terminations	**–**	–
Interest expense (Note 18)	**506,740,223**	501,286,555
Payments	**(462,046,337)**	(422,682,038)
Balance at the end of the year	**6,761,837,682**	6,717,143,796
Less current portion	**491,283,892**	462,046,517
Noncurrent portion	**₱6,270,553,790**	₱6,255,097,279

The Group has no lease contract that contains variable payments. The Group's fixed payments amounted to ₱469.46 million and ₱426.75 million in 2023 and 2022, respectively.

The Group's lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

	December 31, 2023	December 31, 2022
Within 1 year	**₱491,283,892**	₱462,046,517
More than 1 year to 2 years	**522,846,101**	491,283,892
More than 2 years to 3 years	**548,711,098**	522,846,101
More than 3 years to 4 years	**587,978,925**	548,711,098
More than 4 years to 5 years	**622,938,612**	587,978,925
More than 5 years	**11,527,045,431**	12,149,984,043
	₱14,300,804,059	₱14,762,850,576

26. Notes to Consolidated Statements of Cash Flows

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

			Non-cash Change							
	January 1, 2023	**Cash Flows**	**Amortization of debt issue cost**	**Lease liabilities**	**Declaration of dividends**	**Receivable from ultimate parent company**	**Payable to parent company**	**Interest and other financing charges (including capitalized borrowing cost)**	**Net loss from sale of secondary shares**	**December 31, 2023**
Payables to related parties	**₱32,696,186,513**	**(₱2,814,861,919)**	**₱–**	**₱–**	**₱–**	**₱–**	**₱227,761,695**	**₱–**	**₱–**	**₱30,109,086,289**
Dividends payable	**303,675**	**(26,864,584)**	**–**	**–**	**258,141,544**	**(3,515,265)**	**(227,761,695)**	**–**	**–**	**303,675**
Bank loans	**2,174,398,043**	**(462,500,000)**	**8,188,143**	**–**	**–**	**–**	**–**	**–**	**–**	**1,720,086,186**
Interest payable	**25,093,110**	**(127,010,040)**	**(8,188,143)**	**–**	**–**	**–**	**–**	**129,915,423**	**–**	**19,810,350**
Lease liabilities	**6,717,143,796**	**(462,046,337)**	**–**	**–**	**–**	**–**	**–**	**506,740,223**	**–**	**6,761,837,682**
Total liabilities from financing activities	**₱41,613,125,137**	**(₱3,893,282,880)**	**₱–**	**₱–**	**₱258,141,544**	**(₱3,515,265)**	**₱–**	**₱636,655,646**	**₱–**	**₱38,611,124,182**

			Non-cash Change							
	January 1, 2022	Cash Flows	Amortization of debt issue cost	Lease liabilities	Declaration of dividends	Receivable from ultimate parent company	Payable to parent company	Interest and other financing charges (including capitalized borrowing cost)	Net loss from sale of secondary shares	December 31, 2022
Proceeds from sale of secondary shares of associate	₱–	₱2,788,503,657	₱–	₱–	₱–	₱–	₱–	₱–	(₱2,788,503,657)	₱–
Payables to related parties (Note 20)	31,039,458,580	1,466,331,918	–	–	–	–	₱190,396,015	–	–	₱32,696,186,513
Dividends payable	275,118	(22,373,519)	–	–	220,428,759	(3,299,917)	(194,726,766)	–	–	303,675
Bank loans (Note 14)	2,008,373,085	163,542,491	2,482,467	–	–	–	–	–	–	2,174,398,043
Interest payable (Note 12)	17,909,333	(120,691,795)	(2,482,467)	–	–	–	–	130,358,039	–	25,093,110
Lease liabilities (Note 25)	6,638,539,279	(422,682,038)	–	–	–	–	–	501,286,555	–	6,717,143,796
Total liabilities from financing activities	₱39,704,555,395	₱3,852,630,714	₱–	₱–	₱220,428,759	(₱3,299,917)	(₱4,330,751)	₱631,644,594	(₱2,788,503,657)	₱41,613,125,137

The Group's noncash investing and financing activities pertain to the following:

a) Recognition of mark-to-market loss and mark-to-market gain amounting to ₱0.34 million and ₱1.41 million in 2023 and 2022, respectively. Recognition of unrealized fair value loss of investment held at fair value through OCI amounting to ₱7.52 million and ₱1,414.15 million in 2023 and 2022, respectively.

b) Application of dividends against outstanding receivable from and payable to VLLI amounting ₱3.5 million and ₱3.30 million as of December 31, 2023 and 2022, respectively.

c) As at December 31, 2023 and 2022, unpaid investment properties amounted to ₱30,33 million and ₱696.71 million, respectively.

d) As at December 31, 2023 and 2022, unpaid property and equipment amounted to ₱3.80 million and ₱4.35 million, respectively.

e) Offsetting of accounts payable to contractor to the accounts receivable – tenants amounting to ₱1,109.04 million and ₱2,285.64 million in 2023 and 2022, respectively. (See Note 20)

f) Settlement of accounts receivable – tenants via dacion amounting to ₱ 1,886.64 million in 2023. (See Note 9)

27. Other Matters and Subsequent Events

New loan availment
In March 2024, the VLLI has signed a ₱2-billion loan deal with the Manila branch of Sumitomo Mitsui Banking Corp. to finance the property developer's capital expenditures. The loan will also be used for the VLLI Group's capital expenditures for property development, refinancing and to fund other general corporate purposes.

The Group acted as one of the guarantors of the VLLI on the above loan, and no fees are charged for this guarantee agreement.

Assignment of Receivables of Related Party Tenants and Subsequent Transfer of Land Properties
In relation to the assignment to AVHC, as the Assignee of the Assignors' rental payables to the Group as discussed in Note 9, AVHC, in the first quarter of 2024, subsequently transferred additional parcels of land to the Group valued at ₱874.48 million as a form of partial settlement of the assigned receivables as of December 31, 2023 (see Note 9). The remaining assigned receivables are expected to be settled by AVHC either through cash or land properties.

Establishment of $2-billion Medium-Term Note Program (MTNP)
In January 2024, VLLI's subsidiary VII International Inc. (VII) established a $2,000.00 million MTNP as part of VLLI Group's fundraising initiatives. VII tapped DBS Bank Ltd. And HSBC as dealers for the offer, sale, and issuance of the notes.

The Parent Company acted as one of the guarantors of VII on the above establishment of MTNP, and no fees are charged for this guarantee agreement.

28. Approval of the Financial Statements

The consolidated financial statements of the Group as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were authorized for issue by the BOD on April 15, 2024.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Vistamalls, Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules, are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements, and in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

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

April 15, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Vistamalls, Inc. and its subsidiaries (the Group) as at December 31, 2023and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
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BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082027, January 6, 2024, Makati City

April 15, 2024

VISTAMALLS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2023

Unappropriated Retained Earnings, beginning of reporting period		₱5,520,749,387
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	258,141,543	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	258,141,543
Unappropriated Retained Earnings, as adjusted		5,262,607,844
Add/Less: Net Income (loss) for the current year		254,551,594
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	336,645	
Unrealized fair value gain of Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		336,645
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income/Loss		₱254,214,949
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Others	–	
Sub-total		–
Total Retained Earnings, end of the reporting period available for dividend declaration		₱5,516,822,793

VISTAMALLS, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash (excluding cash on hand)	N/A	₱156,790,228	₱156,790,228	₱987,990
Short-term cash investments	N/A	7,322,177	7,322,177	92,121
Accounts receivables from tenants and accrued rent receivable	N/A	26,628,300,068	26,628,300,068	3,699,593
Installment contracts receivables	N/A	51,456,724	51,456,724	–
Receivable from related parties	N/A	3,160,157,971	3,160,157,971	–
Investments in mutual funds	N/A	25,798,248	25,798,248	–
Investments in quoted equity shares (VLL)	N/A	1,233,621,473	1,233,621,473	–
Restricted cash	N/A	148,272,551	148,272,551	3,599,777
Total financial assets		₱31,411,719,440	₱31,411,719,440	₱8,379,481

See Note 7, 8, 9 and 11 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts liquidated	Amounts written off	Current	Not current	Balance at end of period
Receivable from employees	₱26,579,251	₱104,997,809	(₱98,593,274)	₱–	₱32,983,786	₱–	₱32,983,786

See Note 9 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2023

Name and Designation of Debtor/Creditor	Balance at Beginning of Period	Additions	Amounts Liquidated	Amounts Converted to APIC/Capital Stock	Current	Noncurrent	Balance at end of period
Vistamalls, Inc.	₱35,389,287,013	₱1,304,726,826	(₱1,473,477,317)	₱–	₱35,220,536,522	₱–	₱35,220,536,523
Manuela Corporation	7,771,350,084	3,493,883,139	(2,350,897,710)	–	8,914,335,513	–	8,914,335,513
Masterpiece Asia Properties, Inc.	(43,160,637,097)	(2,020,405,822)	1,046,170,884	–	(44,134,872,035)	–	(44,134,872,035)

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date
Bank loan 1	₱500,000,000	₱62,500,000	₱171,875,000	6.23%	₱234,375,000	Quarterly interest and principal payment	June 2027
Bank loan 2	2,000,000,000	382,348,868	1,103,362,318	7.55%	1,485,711,186	Quarterly interest and principal payment	July 2022
	₱2,500,000,000	₱444,848,868	₱1,275,237,318		₱1,720,086,186		

See Note 14 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period
Payable to VLLI	₱32,696,186,513	₱30,109,086,289

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee
VLL International, Inc.	Dollar-denominated bonds	₱12,367,408,489	₱ 12,367,408,489	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	10,997,850,537	10,997,850,537	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	19,298,781,112	19,298,781,112	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	9,918,487,330	9,918,487,330	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	4,643,223,361	4,643,223,361	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	11,402,862,634	11,402,862,634	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	2,810,510,039	2,810,510,039	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	3,788,122,722	3,788,122,722	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	8,572,565,554	8,572,565,554	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc	Bank loans	6,465,053,763	6,465,053,763	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,600,000,000	1,600,000,000	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	2,493,341,306	2,493,341,306	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,556,458,333	1,556,458,333	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,314,250,365	1,314,250,365	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	315,789,474	315,789,474	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	200,000,000	200,000,000	Guaranteed principal payments of the securities
		₱97,744,705,019	₱97,744,705,019	

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

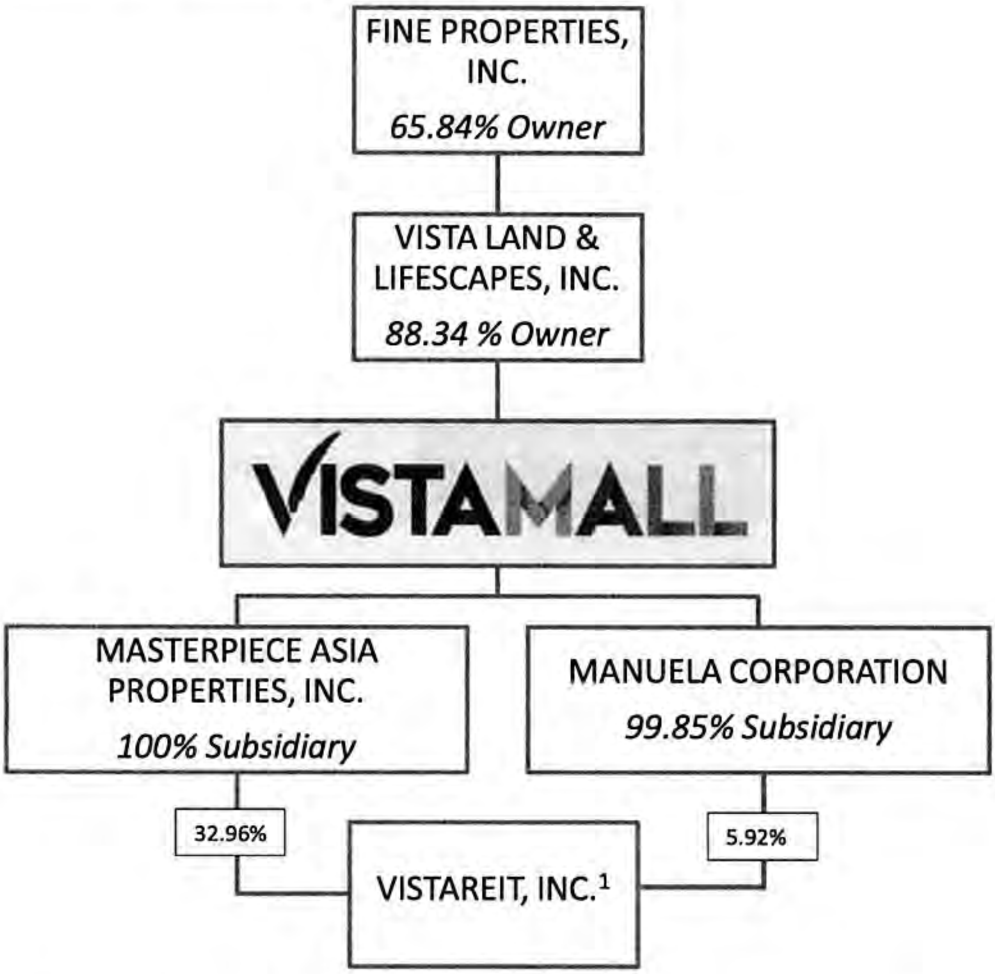
DECEMBER 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱1 par value	16,900,000,000	8,425,981,156 shares issued; and outstanding	–	7,558,070,596	6,100	867,904,460
Preferred Stock, ₱0.01 par value	10,000,000,000	2,350,000,000 shares issued and outstanding	–	2,350,000,000	–	–

See Note 16 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES
GROUP STRUCTURE

Below is the map showing the relationship between and among the Group and its Parent Company, and its subsidiaries as of December 31, 2023.



[1] Communities Pampanga, Inc., Crown Asia Properties, Inc. and Vista Residences, Inc., wholly-owned subsidiaries of the Parent Company, own 4.86%, 3.49% and 17.40%, respectively. Remaining 35.29% are owned by the public and the remaining by individual shareholders.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTAMALLS, INC. AND SUBSIDIARIES
AS OF DECEMBER 31, 2023, 2022 AND 2021

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2023, 2022 and 2021

		2023	2022	2021
Current ratio	Current assets / Current liabilities	**0.43**	0.44	0.37
Acid test ratio	Quick asset[1] / Current liabilities	**0.42**	0.43	0.36
Solvency ratio	Net income + Depreciation / Total liabilities	**0.19**	0.18	0.12
Debt ratio	Interest bearing debt[2] / Total assets	**0.02**	0.02	0.02
Asset to equity ratio	Total assets / Total equity	**2.21**	2.5	2.70
Interest service coverage ratio	EBITDA / Total interest paid	**107.39**	105.93	34.41
Return on equity	Net income / Total equity	**0.19**	0.23	0.15
Return on assets	Net income / Average total assets	**0.09**	0.10	0.06
Net profit margin	Net income / Net revenue	**0.65**	0.69	0.48

[1]Includes Cash, Short-term investments, Investment at FVTPL, Current receivables, Receivable from related parties and Other current asset
[2]Includes current and noncurrent portion of Bank loans

Figures used in the computation	**December 31, 2023**	December 31, 2022
Current assets	**₱16,179,405,809**	₱17,629,763,727
Current liabilities	**37,523,951,776**	39,892,780,855
Quick asset[1]	**15,877,515,396**	17,327,542,828
Net income + Depreciation	**10,065,451,851**	9,853,116,811
Total liabilities	**54,398,870,608**	54,917,406,784
Interest bearing debt[2]	**1,720,086,186**	2,174,398,043
Total assets	**99,273,683,118**	91,519,422,664
Total equity	**44,874,812,510**	36,602,015,880
EBITDA	**13,639,471,312**	12,784,791,983
Total interest paid	**127,010,040**	120,691,795
Net income	**8,535,020,326**	8,366,845,622
Average total assets	**95,396,552,891**	86,096,144,098
Net revenue	**13,139,783,777**	12,142,521,760

Jan Pol Albert S. Belardo

From:	Sarrah C. Lagman
Sent:	Tuesday, 16 April 2024 4:03 pm
To:	Jan Pol Albert S. Belardo
Subject:	FW: Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Tuesday, April 16, 2024 3:31 PM
To: Rose Domingo <rose.domingo@vistamalls.com.ph>
Cc: Weng Bandigan <weng.bandigan@vistamalls.com.ph>
Subject: Your BIR AFS eSubmission uploads were received

Hi VISTAMALLS, INC.,

Valid files

- EAFS000806396ITRTY122023.pdf
- EAFS000806396AFSTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-41XXZ14N0NYR1VQYWNP2MS1X40N2P4W1ZP**
Submission Date/Time: **Apr 16, 2024 03:31 PM**
Company TIN: **000-806-396**

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VISTAMALL

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Vistamalls, Inc. (the "Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached herein, for the years ended December 31, 2023 and 2022 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 financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

Signed this ________ day of APR 1 5 2024 2024.

MANUEL B. VILLAR, JR.
Chairman of the Board

MANUEL PAOLO A. VILLAR
President

BRIAN N. EDANG
Chief Financial Officer and Head Investor Relations

SUBSCRIBED AND SWORN, to before me this APR 1 5 2024 at ~~MANDALUYONG CITY~~, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date and Place of Issue
Manuel B Villar, Jr.	P2529752B	12 JUL 2019 / DFA MANILA
Manuel Paolo A. Villar	P4237701B	17 DEC 2019 / DFA MANILA
Brian N. Edang	P9937644A	14 DEC 2018 / DFA NCR EAST

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

Doc No. 12
Page No. 16
Book No. XXII
Series of 2024.

ATTY. ARB[illegible] OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL [illegible] 2024
[illegible]
PTR No. [illegible]
MCLE Compliance No. [illegible] 2022
Notarial Commission [illegible]
Vista Corporate Center [illegible] Second Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 0 0 0 0 3 9 5 8 7

COMPANY NAME

V I S T A M A L L S ,   I N C .

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

L G F ,   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

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
431	Every last Monday of June	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Brian N. Edang	brian_edang@vistaland.com.ph	3226-3552/ 8874-5758	0917-801-0637

CONTACT PERSON's ADDRESS

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

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

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

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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the accompanying parent company financial statements of Vistamalls, Inc. (the Parent Company), which comprise of the parent company statements of financial position as at December 31, 2023 and 2022, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 Parent Company to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Vistamalls, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic parent company financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Our unqualified opinion on the basic parent company financial statements is not affected by the presentation of the information in a separate schedule.

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

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

April 15, 2024

VISTAMALLS, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	**2022**
ASSETS		
Current Assets		
Cash in banks (Notes 6 and 12)	**₱1,486,549**	₱2,290,311
Receivable from related parties (Notes 10 and 12)	**2,776,042,331**	2,776,547,794
Other current assets	**47,894,175**	38,956,796
Total Current Assets	**2,825,423,055**	2,817,794,901
Noncurrent Assets		
Receivable from subsidiary (Notes 10 and 12)	**43,978,048,205**	43,204,319,584
Investment in subsidiaries (Note 7)	**7,080,895,752**	7,080,895,752
Other noncurrent assets	**8,360,101**	7,660,251
Total Noncurrent Assets	**51,067,304,058**	50,292,875,587
	₱53,892,727,113	₱53,110,670,488
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 8 and 12)	**₱34,464,241**	₱39,279,305
Payable to intermediate parent company and entities under common control (Notes 10 and 12)	**30,154,599,375**	30,306,616,848
Payable to subsidiary (Notes 10 and 12)	**8,757,511,683**	7,815,032,571
Total Current Liabilities	**38,946,575,299**	38,160,928,724
Noncurrent Liability		
Security deposit	**255,000**	255,000
Total Liabilities	**38,946,830,299**	38,161,183,724
Equity (Note 11)		
Capital stock	**8,449,481,156**	8,449,481,156
Additional paid-in capital	**976,058,769**	976,058,769
Retained earnings	**5,520,356,889**	5,523,946,839
Total Equity	**14,945,896,814**	14,949,486,764
	₱53,892,727,113	₱53,110,670,488

See accompanying Notes to Parent Company Financial Statements.

VISTAMALLS, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
REVENUE		
Dividend income (Note 10)	**₱252,302,237**	₱194,678,464
Management income (Note 10)	**8,035,714**	8,035,714
Rental income	**1,138,393**	151,786
	261,476,344	202,865,964
EXPENSES		
Professional fees	**2,357,800**	3,009,603
Taxes, licenses and other fees	**2,132,807**	2,152,994
Security services	**1,373,404**	1,031,547
Representation	**214,375**	202,455
Utilities	**84,000**	77,000
Miscellaneous	**534,416**	318,265
	6,696,802	6,791,864
OTHER INCOME (EXPENSE)		
Mark-to-market gain (loss) (Note 12)	**336,645**	(1,410,008)
Interest income (Note 6)	**1,887**	2,014
Finance cost	**(850)**	(1,200)
	337,682	(1,409,194)
INCOME BEFORE INCOME TAX	**255,117,224**	194,664,906
PROVISION FOR INCOME TAX (Note 9)	**565,630**	82,278
NET INCOME	**254,551,594**	194,582,628
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱254,551,594**	₱194,582,628

See accompanying Notes to Parent Company Financial Statements.

VISTAMALLS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 11)		Additional Paid-in	Retained	
	Common Stock	Preferred Stock	Capital (Note 11)	Earnings (Note 11)	Total
Balances as at January 1, 2023	₱8,425,981,156	₱23,500,000	₱976,058,769	₱5,523,946,839	₱14,949,486,764
Net income	–	–	–	254,551,594	254,551,594
Cash dividend declared	–	–	–	(258,141,544)	(258,141,544)
Balances as at December 31, 2023	₱8,425,981,156	₱23,500,000	₱976,058,769	₱5,520,356,889	₱14,945,896,814
Balances as at January 1, 2022	₱8,425,981,156	₱23,500,000	₱976,058,769	₱5,549,792,970	₱14,975,332,895
Net income	–	–	–	194,582,628	194,582,628
Cash dividend declared	–	–	–	(220,428,759)	(220,428,759)
Balances as at December 31, 2022	₱8,425,981,156	₱23,500,000	₱976,058,769	₱5,523,946,839	₱14,949,486,764

See accompanying Notes to Parent Company Financial Statements.

VISTAMALLS, INC.

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱255,117,224	₱194,664,906
Adjustments for:		
Finance cost	850	1,200
Interest income (Note 6)	(1,887)	(2,014)
Mark-to-market gain loss (gain)	(336,645)	1,410,008
Dividend income (Note 10)	(252,302,237)	(194,678,464)
Operating income before working capital changes	2,477,305	1,395,636
Decrease (increase) in other current assets	(9,165,985)	3,162,238
Increase (decrease) in accounts and other payables	(4,815,064)	705,867
Net cash flows (used for) generated from operations	(11,503,744)	5,263,741
Interest received	1,887	2,014
Income taxes paid	(377)	(403)
Finance cost paid	(850)	(1,200)
Net cash flows provided by (used in) operating activities	(11,503,084)	5,264,152
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other noncurrent assets	(699,850)	(1,688,212)
Increase in receivables from related parties	(524,436,187)	(45,947,599)
Increase in security deposit	–	255,000
Net cash flows used in investing activities	(525,136,037)	(47,380,811)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in payables to related parties	562,419,399	64,854,562
Dividends paid	(26,584,040)	(22,692,191)
Net cash flows provided by financing activities	535,835,359	42,162,371
NET (DECREASE) INCREASE IN CASH IN BANKS	(803,762)	45,712
CASH IN BANKS AT BEGINNING OF YEAR	2,290,311	2,244,599
CASH IN BANKS AT END OF YEAR (Note 6)	₱1,486,549	₱2,290,311

See accompanying Notes to Parent Company 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 65.84% owned by Fine Properties, Inc., (Ultimate Parent Company), as of December 31, 2023 and 2022, and the rest by the public. The Parent Company's 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 parent financial statements have been prepared on a historical cost basis, except for the financial assets measured at fair value through profit or loss (FVTPL), which have been measured at fair value. The parent financial statements are presented in Philippine Peso (₱) which is the functional and presentation currency of the Parent Company, and all amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

Statement of Compliance
The parent company financial statements of Vistamalls, Inc., which are prepared for submission to the Philippine SEC and the BIR, are prepared in compliance with Philippine Financial Reporting Standards (PFRS). The Parent Company also prepares, and issues consolidated financial statements presented in compliance with PFRS which are available at the registered office address of the Parent Company.

3. Changes in Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

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

4. Summary of Significant Accounting Policies

Cash in Banks

Cash in banks is stated at face amount and earns interest at the prevailing bank deposit rates.

Financial Instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition and 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 Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Parent Company. The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company's financial assets include cash in banks, receivable from related parties and receivable from subsidiary.

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.

As at December 31, 2023 and 2022, investment at FVTPL comprises of investment in mutual funds and presented in 'Other current assets' in the statement of financial position.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Parent Company of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired, or,
- the Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, 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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Parent Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset or liability.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Parent Company determines the appropriate method of recognizing the "Day 1" difference amount.

Impairment of Financial Assets
The Parent Company recognizes an allowance for expected credit losses (ECL) for all financial assets at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Parent Company recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Parent Company uses external credit rating approach to calculate ECL for cash in banks and receivables from related parties. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. This information is widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financials 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 case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities pertain to "Accounts and other payables" and "Payable to intermediate parent company and entities under common control" and "payable to subsidiary".

Subsequent Measurement
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR.

Derecognition
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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the statement of profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the parent company 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.

Other Current Assets
Other current assets consist of financial assets at fair value though profit or loss, input value-added taxes (VAT), creditable withholding tax (CWT) and advances to employees.

Value-Added Taxes (VAT)
Input vat represents the shifted sales tax to the Parent Company on purchases of goods and services. This can be claimed against the output vat on sale of services of the Parent Company to its subsidiaries. Input vat is carried at net realizable value net of allowance 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.

Creditable Withholding Tax (CWT)
This pertains to the tax withheld at source by the Parent Company's subsidiaries for the management fee due them and is creditable against the income tax liability of the Parent Company.

Advances to Employees'
Advances to employees are cash advances which are collectible through salary deductions. These are noninterest bearing and has various maturity dates within one year from the date advances are made.

Investment in Subsidiaries
Investments in subsidiaries are accounted for under the cost method less accumulated provision for impairment losses, if any. A subsidiary is an entity in which the Parent Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or exercises control over the operations and management of the investee. Controls exists when an entity is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives or has earned the right to receive distribution from the accumulated profits of the investee arising after the date of the acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

The Parent Company determines at each end of the reporting period whether there is any objective evidence that the investments in the investee companies are impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the recoverable amount of the investee company and the carrying cost and recognized the amount in profit or loss.

Impairment of Nonfinancial Assets

The Parent Company assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or CGU'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.

Equity

Capital stock and additional paid-in capital

Capital stock is measured at par value for all shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is recognized as additional paid-in capital. Direct costs incurred related to the equity issuance are deducted from equity, net of any related tax benefits. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Retained earnings

Retained earnings represents the net accumulated earnings of the Parent Company, net of dividends declared.

Other comprehensive income (OCI)

OCI are items of income and expense that are not recognized in the profit or loss for the year in accordance with PFRS. OCI includes remeasurement gain (loss) on retirement plan, net of related taxes.

Revenue Recognition
Revenue from contracts with customers is recognized when control of services is transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those services. The Parent Company has assessed its revenue arrangements against specific criteria in order to determine if it is acting as principal or as an agent. The Parent Company has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Dividend income
Dividend income is recognized when the right to receive payment is established.

Management income
Management income is recognized when the Parent Company's right to receive payment is established.

Interest income
Interest income is recognized as it accrues using the effective interest method.

Expenses
Expenses are recognized in the statement of comprehensive income when decrease in economic benefits related to a decrease in an asset or an increase in liability has risen that can be measured reliably. These are generally recognized as they are incurred.

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward 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 carry forward benefits of MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced 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 asset to be utilized. Any unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax 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 end of the reporting period.

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

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

Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Events After the Financial Reporting Date

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

5. Significant Accounting Judgments and Estimates

The preparation of accompanying parent company financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. The estimates and assumptions used in the parent company financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the parent company 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 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 parent company financial statements:

Evaluation of impairment of financial asset

Under PFRS 9, the Parent Company reviews its financial assets portfolio to asset impairment at least on an annual basis. In determining whether ECL should be recognized in the statement of comprehensive income, the Parent Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from debts instruments.

In 2023 and 2022, no ECL were recognized based on the assessment made.

Evaluation of impairment of nonfinancial assets
The Parent Company assesses impairment on its nonfinancial assets whenever events or changes in the circumstances indicate that the carrying amount of an asset may not be recoverable. As of December 31, 2023 and 2022, there are no impairment indicators identified in the Parent Company's nonfinancial assets.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial 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.

Recognition of financial guarantee obligation
The Parent Company serves as a guarantor of the borrowings entered into by VLLI and affiliate, VLL International, Inc. (VII) without a guarantee fee. 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 (see Note 10).

6. Cash in Banks

Cash in banks amounted to ₱1.49 million and ₱2.29 million as of December 31, 2023 and 2022, respectively.

Cash in banks earn interest at the prevailing bank deposit rates ranging from 0.06% to 0.13% and 0.10% to 0.13% in 2023 and 2022, respectively.

Interest earned from cash in banks amounted to ₱0.002 million both in 2023 and 2022.

7. Investment in Subsidiaries

The Parent Company's investment in subsidiaries and the corresponding direct percentage of ownership are shown below.

		Direct Percentage of Ownership		Amounts	
Entity	Nature of Business	2023	2022	2023	2022
MC	Leasing	**99.85%**	99.85%	**₱4,527,396,641**	₱4,527,396,641
MAPI	Leasing	**100.00%**	100.00%	**2,553,499,111**	2,553,499,111
				₱7,080,895,752	₱7,080,895,752

The principal place of business and country of incorporation of the subsidiaries is in the Philippines.

For the years ended December 31, 2023 and 2022, MAPI declared dividends amounting to ₱252.30 million and ₱194.68 million, respectively (see Note 10) (nil for MC in both years).

8. Accounts and Other Payables

This account consists of:

	2023	2022
Accounts payable to:		
Supplier	**₱25,307,649**	₱30,160,711
Private company	**5,931,046**	5,931,046
Accrued expenses	**1,262,947**	1,217,147
Dividends payable	**275,117**	275,118
Other payables	**1,687,482**	1,695,283
	₱34,464,241	₱39,279,305

Accounts payable to suppliers
Accounts payable to suppliers pertain to various purchases of the Parent Company. These payables are expected to be settled in the first quarter of the succeeding year.

Accounts payable to private company
Accounts payable to private company pertains to the reclassified pension liability in 2022. The reclassification is due to the transfer of key officer to the private company. This is payable upon demand of the private company.

Accrued expenses
Accrued expenses consist mainly of accruals for professional fees and outside services. These are expected to be settled within a year from the recognition date.

Other payables
Other payables include withholding taxes, directors fees and accrued expenses. These are noninterest-bearing and are normally settled within one year.

9. Income Tax

Provision for income tax consists of:

	2023	2022
Current:		
RCIT	**₱565,253**	₱–
MCIT	**–**	81,875
Final	**377**	403
	₱565,630	₱82,278

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

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

	2023	2022
Income tax at statutory income tax rate	₱63,779,306	₱48,666,226
Tax effects of:		
Non-taxable income	(84,161)	352,502
Non-deductible expense	30,658	30,145
Interest income already subjected to final tax	(95)	(101)
Changes in unrecognized deferred tax assets	(84,519)	(296,878)
Dividend income exempt from income tax	(63,075,559)	(48,669,616)
Effective income tax	₱565,630	₱82,278

10. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The 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 Parent Company's total consolidated assets based on its latest audited financial statements. The Parent Company 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 Parent Company statements of financial position include the following amounts resulting from transactions with related parties as at December 31, 2023 and 2022:

December 31, 2023

	Nature of Transaction	Volume	Amount Receivable (Payable)	Terms	Conditions
Receivables from related parties					
Ultimate Parent Company	a) Advances	₱3,515,265	₱–	Due and demandable; noninterest-bearing	Unsecured; no impairment
	d) Dividends	(3,515,265)	–		
Entity under common control	a) Advances	(3,515,265)	2,776,042,331	Due and demandable; noninterest-bearing	Unsecured; no impairment
Subsidiary	a) Advances	521,426,384	40,185,455,636	Noninterest-bearing; No stated date of repayment	Unsecured; no impairment
	b) Management income	8,035,714	–		
	c) Dividend income	252,302,327	3,792,592,569	Noninterest-bearing; No stated date of repayment	Unsecured; no impairment
			₱46,754,090,536		

(Forward)

	Nature of Transaction	Volume	Amount Receivable (Payable)	Terms	Conditions
Payables to related parties					
Intermediate Parent Company and entities under common control	a) Advances	₱379,779,168	(₱30,154,599,375)	Noninterest-bearing; Due and demandable	Unsecured
	d) Dividends	(227,761,695)	–		
Subsidiary	b) Advances	(942,479,112)	(8,757,511,683)	Noninterest-bearing; Due and demandable	Unsecured
			(₱38,912,111,058)		

December 31, 2022

	Nature of Transaction	Volume	Amount Receivable (Payable)	Terms	Conditions
Receivables from related parties					
Ultimate Parent Company	a) Advances	₱3,009,802	₱–	Noninterest-bearing; Due and demandable	Unsecured; No impairment
	d) Dividends	(3,009,802)	–		
(Forward)					
Entity under common control	a) Advances	(3,009,802)	2,776,547,794	Noninterest-bearing; No stated date of Repayment	Unsecured; No impairment
Subsidiary	a) Advances	42,947,599	39,664,029,252		
	b) Management fee	8,035,714	–	–	–
	c) Dividend income	194,678,464	3,540,290,332	Noninterest-bearing; No stated date of repayment	Unsecured; No impairment
			₱45,980,867,378		
Payables to related parties					
Intermediate Parent Company and entities under common control	a) Advances	(₱640,184,359)	(₱30,306,616,848)	Noninterest-bearing; Due and demandable	Unsecured
	d) Dividends	(194,726,766)	–	–	–
Subsidiary	a) Advances	(705,038,921)	(7,815,032,571)	Noninterest-bearing; Due and demandable	Unsecured
			(₱38,121,649,419)		

Outstanding balances at year-end are unsecured, interest free and unless otherwise specified, are settled in cash. As at December 31, 2023 and 2022, the Parent Company has not made any provision for impairment losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

The significant transactions with related parties follow:

a) The Parent Company in its regular conduct of business has entered into transactions with Ultimate Parent Company, subsidiaries and entities under common control (referred to as "other related parties") principally consisting receipts and granting of noninterest bearing advances for working capital requirements and capital expenditures which are due and demandable except for its receivable from subsidiary which has no stated date of repayment. The Parent Company's policy is to settle its intercompany receivables and payables on a net basis.

   Dividends to the ultimate parent company amounting to ₱3.52 million and ₱3.01 million was applied against receivable from ultimate parent company in 2023 and 2022, respectively.

b) The Parent Company charges its subsidiaries fixed management fees for services rendered with an aggregate amount of ₱8.04 million for the years ended December 31, 2023 and 2022.

c) As of December 31, 2023, and 2022, the dividends declared by MAPI in 2023 and 2022 amounting to ₱252.30 million and ₱194.68 million, respectively, these are presented under "Receivable from subsidiary" in the statement of financial position.

d) Details of dividends declared to stockholders are discussed in Note 11.

In addition, the Parent Company serves as a 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.

A. Dollar Denominated Bonds

a. US$220.00 million Notes (Due July 2027)

On May 17, 2021, VLL International, Inc. (VII) issued US$170.00 million notes ("Notes") with a term of six years from initial drawdown date. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. As of December 31, 2023 and 2022, outstanding balance of the note amounted to US$172.60 million (₱9,556.63 million) and US$173.68 million (₱9,683.72 million), respectively.

On June 1, 2021, VII issued an additional US$50.00 million unsecured note, with similar terms and conditions as the above notes. As of December 31, 2023 and 2022, outstanding balance of the note amounted to US$50.76 million (₱2,810.78 million) and US$51.08 million (₱2,848.15 million), respectively.

b. US$200.00 million Notes (Due July 2027)

On July 20, 2020, VII issued US$ 200.00 million notes ("Notes") with a term of seven years from initial drawdown date. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. As of December 31, 2023 and 2022, outstanding balance of the note amounted to US$198.62 million (₱10,997.85 million) and US$198.30 million (₱11,056.18 million), respectively.

c. US$350.00 million Notes (Due November 2024)

On November 28, 2017, VII issued US$350.00 million notes ("Notes") with a term of seven years from initial drawdown date. The Notes were used to refinance existing debt as a result of liability management exercise and excess proceeds were used to refinance existing debt and for general corporate purposes. As of December 31, 2023, and 2022, outstanding balance of the note amounted to US$348.54 million (₱19,298.78 million) and US$346.93 million (₱19,343.13 million), respectively.

d. US$425.00 million Notes (Due June 2022)

On June 18, 2015, VII issued US$300.00 million notes ("Notes") with a term of seven years from initial draw down date. The Notes were used to refinance existing debt and for general corporate purposes. As of December 31, 2022, the amount due was fully paid.

c. US$2,000.00 million Medium Term Note Programme

On December 29, 2023, the Parent Company's BOD approved the establishment of a US$2,000.00 million Medium Term Note Programme pursuant to which the Issuer (VII) may from time to time issue US Dollar-denominated notes in such amount, with interest rate, and under such other terms and conditions as the Management of the Parent Company and/or the Issuer may subsequently approve or ratify. Accordingly, the Issuer is executed a Programme Agreement with DBS Bank Ltd. And HSBC, as Dealers, for the offer, sale and issuance of the Notes, which are guaranteed by the Parent Company and its subsidiaries namely Brittany Corporation, Crown Asia Properties, Inc., Camella Homes, Inc., Communities Philippines, Inc., Vistamalls, Inc., and Vista Residences, Inc., together with other ancillary agreements.

B. Corporate Note Facility

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

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

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱104.72 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023, the outstanding balance of the Corporate Notes is ₱9,918.49 million.

b. ₱6,000.00 million Corporate Notes (Due March 2027)
On March 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Five-Year Corporate Notes due 2027 amounting to ₱4,000.00 million at a fixed rate of 6.64% per annum, payable in equal 17 quarters.

On June 1, 2022, an additional issuance of Corporate Notes was made in the amount of ₱2,000.00 million due 2027, at a fixed interest of 7.24% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱51.36 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023 and 2022, the outstanding balance of the Corporate Notes is ₱4,643.22 million and ₱5,961.35 million, respectively.

c. ₱12,000.00 million Corporate Notes (Due December 2025)
On January 31, 2023, an additional issuance of Corporate Notes was made in the amount of ₱2,900.00 million due 2025, at a fixed interest of 7.26% per annum, payable on maturity date.

On December 28, 2022, the Parent Company (the Issuer) entered into a Corporate Notes Facility Agreement for the issuance of a long-term corporate notes consisting of Three-Year Corporate Notes due 2025 amounting to ₱8,600.00 million at a fixed rate of 7.93% per annum, payable on maturity date.

The proceeds of the corporate notes were used for refinancing of existing or maturing obligations of the Parent Company, and for other general corporate purposes. The issue cost amounted to ₱35.46 million and ₱51.77 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

As of December 31, 2023 and 2022, the outstanding balance of the Corporate Notes is ₱11,402.86 million and ₱8,548.23 million, respectively.

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

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

As of December 31, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱2,810.51million and ₱6,543.95 million, respectively.

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

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

As of December 31, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱3,788.12 and ₱4,810.31 million , respectively.

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

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

As of December 31, 2023, and 2022, the outstanding balance of the Corporate Notes is ₱8,572.57 million and ₱8,764.30 million, respectively.

C. Peso-denominated Loan

a. In December 2023, VLLI obtained a 5-year unsecured peso denominated loan amounting to ₱ 6,500.00 million which bears annual fixed interest of 7.54%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the second interest payment date subject to prepayment option. As of December 31, 2023, the outstanding balance of the peso denominated loan is ₱6,465.05 million.

b. In December 2023, VLLI obtained a 3-year unsecured peso denominated loan amounting to ₱ 1,600.00 million which bears annual fixed interest of 7.10% payable quarterly. 70% of the principal amount of the loan will be paid in equal quarterly installments commencing at the end of the 6th month from drawdown date, and the 30% balance will be paid in full on maturity date. As of December 31, 2023, the outstanding balance of the peso denominated loan is ₱1,600.00 million.

c. In June 2021, VLLI obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 20 equal quarterly installments commencing on the second interest payment date subject to prepayment option. As of December 31, 2023 and 2022, the outstanding balance amounted to ₱2,493.34 million and ₱3,487.22 million, respectively.

d. In May 2021, VLLI 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 subject to prepayment option. As of December 31, 2023 and 2022, the outstanding balance amounted to ₱1,556.46 million and ₱2,178.96 million, respectively.

e. In March 2020, VLLI obtained a 5-year unsecured peso denominated loan amounting to ₱5,000.00 million which bears annual fixed interest of 4.89%, payable quarterly. The principal balance of the loan will be paid in 19 equal quarterly installments commencing September 2020. As of December 31, 2023 and 2022, the outstanding balance amounted to ₱1,314.25 million and ₱2,363.20 million, respectively.

f. On October 24, 2019, VLLI obtained an additional 5-year unsecured peso denominated loan from a local bank amounting to ₱3,000.00 million. As of December 31, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱315.79 million and ₱947.37 million, respectively.

g. On May 6, 2019, VLLI obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million. As of December 31, 2023 and 2022, the outstanding balance of the peso denominated loan is ₱200.00 million and ₱598.10 million, respectively.

h. 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, 2023, the amount due was fully paid. The outstanding balance of the note amounted to ₱500.00 million as of December 31, 2022.

i. 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, 2023, the amount due was fully paid. The outstanding balance of the note amounted to ₱499.21 million as of December 31, 2022.

Compensation of Key Management Personnel
The Parent Company's accounting and administrative functions are handled by its subsidiaries, MC and MAPI, and as such, the compensation of its key management personnel is paid by its subsidiaries at no cost to the Parent Company. Hence, the disclosure of compensation for key management personnel, as required by PAS 24, *Related Party Disclosures*, is included in the financial statements of such related parties.

11. Equity

Capital Stock
Capital stock as at December 31, 2023 and 2022 consists of:

	Shares	Amount
Common shares - ₱1.00 par value		
Authorized	16,900,000,000	₱16,900,000,000
Issued and outstanding	8,425,981,156	8,425,981,156
Preferred - voting, cumulative, non-participating, non-convertible, non-redeemable - ₱0.01 par value		
Authorized	10,000,000,000	100,000,000
Issued and outstanding	2,350,000,000	23,500,000

Registration Track Record
On November 13, 1970, the SEC approved the listing of the Parent Company's common shares totaling 1,000,000,000 shares. The shares were initially issued at an offer price of ₱0.01 per share.

After listing in 1970, there had been subsequent issuances covering a total of 7,425,981,156 shares.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2023:

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

The paid-up capital includes capital stock and additional paid-in capital of the Parent Company.

Retained Earnings
In accordance with Revised Securities Regulation Code Rule 68, the Parent Company's retained earnings available for dividend declaration as at December 31, 2023, after reconciling items, amounted to ₱5,516.82 million.

The BOD of Vistamalls, Inc. approved the declaration of regular cash dividend amounting to ₱258.14 million or ₱0.0306 per share, ₱220.43 million or ₱0.0262 per share, ₱135.99 million or ₱0.02 per share and ₱131.45 million or ₱0.0156 per share on September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020, respectively. The dividend declarations are in favor of all stockholders of record as of October 13, 2023, October 14, 2022, October 15, 2021 and October 15, 2020 and paid on October 27, 2023, October 27, 2022, October 28, 2021 and October 23, 2020, respectively. The remaining unpaid declared dividends are lodged under "Payable to intermediate parent company and entities under common control".

Capital Management
The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Parent Company 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 Parent Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis.

As at December 31, 2023 and 2022, the Parent Company is not subject to any externally imposed capital requirement. No changes were made in the objectives, policies, or processes for managing capital for the years ended December 31, 2023 and 2022.

The Parent Company considers its total equity as its capital.

12. Financial Asset and Liabilities

The Parent Company uses the following three-level 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: 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 including investment properties:

Cash in banks and receivable from related parties: Due to the short-term nature of the account, the fair value of the accounts approximates the carrying amounts in the statements of financial position.

Receivable from subsidiary: The account pertains to noninterest-bearing intercompany loan to a subsidiary with no stated date of repayment. The fair value of the account is estimated using the discounted future loan repayments of the subsidiary using the applicable rates for similar types of loans considering the remaining terms to maturity based on the management's best estimate of the future cash flows. Given such considerations, the fair value of the account approximates the carrying amount in the statements of financial position.

Investment at FVTPL: Fair values of equity securities are based on quoted market prices as presented in 'Other current assets' in the statement of financial position.

Accounts and other payables (excluding statutory payables) and payable to related parties (intermediate parent company, entities under common control and subsidiary): The fair values of the accounts approximate their carrying amounts in the statement of financial position due to the short-term nature of the transactions.

The fair value measurement hierarchy of the Parent Company's assets recognized as at December 31, 2023 and 2022 pertains only to investment at FVTPL under Level 1 amounting to ₱25.80 million and ₱25.46 million, respectively.

There were no transfers between level categories as at December 31, 2023 and 2022.

Financial Risk Management and Objectives

Financial risk

The Parent Company's principal financial instruments are cash in banks, receivables from related parties, accounts and other payables (excluding statutory obligations), dividends payable and payables to related parties which arise directly from the conduct of its operations. The main risks arising from the use of financial instruments are credit risk, equity risk, and liquidity risk.

Exposure to liquidity and credit risks arise in the normal course of the business activities. The main objectives of the financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The BOD reviews and agrees with policies for managing each of these risks. The exposures to risk and how they arise, as well as the objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

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

Interest rate risk

The Parent Company's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing. The Parent Company's financial asset that is interest-bearing pertains only to cash in banks which amounted to ₱1.49 million and ₱2.29 million as of December 31, 2023 and 2022, respectively, which earn interest at the prevailing bank deposit rates ranging from 0.06% to 0.13% and to 0.10% to 0.13% in 2023 and 2022, respectively. Financial liabilities of the Parent Company are non-interest bearing for the years 2023 and 2022.

Credit risk
The credit risks are primarily attributable to cash in banks, receivables from related parties, receivable from subsidiary and investment at FVTPL. To manage credit risks, the Parent Company maintains defined credit policies and monitors on a continuous basis exposure to credit risks.
Credit risk of the Parent Company arises from cash in banks. The exposure to credit risk arises from default of the banks holding these assets. The Parent Company manages its cash by maintaining accounts with banks which have demonstrated financial soundness for several years.

The Parent Company's receivables are concentrated to its subsidiaries, being a holding 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.

The Parent Company statement of financial position shows the maximum exposure to credit risk for the components of the statement of financial position as of December 31, 2023 and 2022.

Applying the expected credit risk model did not result in the recognition of a provision for expected credit losses for all financial assets at amortized cost in 2023 and 2022.

Liquidity risk
The Parent Company monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Parent Company 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 Parent Company's cash in banks, receivables from related parties, accounts and other payables (excluding statutory payables) and payable to related parties are all either due and demandable or due within one year and approximate their undiscounted contractual payments.

Maturity Profile of Financial Liabilities
The table below shows the maturity profile of parent company's financial liabilities based on contractual undiscounted cash flows as at December 31, 2023 and 2022, respectively:

2023

	On demand	1 to 3 months	3 to 12 months	More than 1 year	Total
Financial Liabilities					
Accounts payable and other payables*	₱2,929,616	₱25,624,391	₱–	₱5,931,046	₱34,485,053
Payable to related parties	38,912,111,058	–	–	–	38,912,111,058
	₱38,915,040,674	₱25,624,391	₱–	₱5,931,046	₱38,946,596,111

**Excluding statutory payables amounting to P20,812*

2022

	On demand	1 to 3 months	3 to 12 months	More than 1 year	Total
Financial Liabilities					
Accounts payable and other payables*	P3,158,567	P36,091,757	P–	P–	P39,250,324
Payable to related parties	38,121,649,419	–	–	–	38,121,649,419
	P38,124,807,986	P36,091,757	P–	P–	P38,160,899,743

**Excluding statutory payables amounting to P28,981.*

13. Notes to Parent Company Statement of Cash Flows

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

December 31, 2023						
			Non-cash Change			
	January 1, 2023	Cash Flows	Dividends declared	Receivable from ultimate parent company	Payable to parent company	December 31, 2023
Payable to related parties	₱38,121,649,419	₱562,419,399	₱–	₱–	₱228,042,240	₱38,912,111,058
Dividends payable	275,118	(26,584,040)	258,141,544	(3,515,265)	(228,042,240)	275,117
Total liabilities from financing activities	₱38,121,924,537	₱535,835,359	₱258,141,544	(₱3,515,265)	₱–	₱38,912,386,175

December 31, 2022						
			Non-cash Change			
	January 1, 2022	Cash Flows	Dividends declared	Receivable from ultimate parent company	Payable to parent company	December 31, 2022
Payable to related parties	₱37,862,068,091	₱64,854,562	₱–	₱–	₱194,726,766	₱38,121,649,419
Dividends payable	275,118	(22,692,191)	220,428,759	(3,009,802)	(194,726,766)	275,118
Total liabilities from financing activities	₱37,862,343,209	₱42,162,371	₱220,428,759	(₱3,009,802)	₱–	₱38,121,924,537

The Parent Company's noncash operating, investing and financing activities pertain to the following:

a) Recognition of mark-to-market loss and mark-to-market gain amounting to ₱0.34 million and ₱1.41 million in 2023 and 2022, respectively. The investment at FVTPL is presented as part of 'Other current asset' in the statement of financial position.
b) Application of dividends against receivable from ultimate parent company amounted to ₱3.52 million and ₱3.01 million, respectively.
c) Dividends declared to VLLI amounting to ₱228.04 million and ₱194.73 million in 2023 and 2022, respectively, was offset to the receivable balance of Parent Company from VLLI. The receivable balance of VLLI is presented net of the Parent Company's payable to VLLI.
d) Dividends declared by subsidiary, MAPI, amounting to ₱252.30 million and ₱194.68 million in 2023 and 2022, respectively, was offset to the payable balance of the Parent Company to MAPI. The payable balance to MAPI is presented net of the Parent Company's receivable from MAPI.

14. Approval of the Financial Statements

The financial statements of the Parent Company for the year ended December 31, 2023 were authorized for issue by the BOD on April 15, 2024.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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Philippines

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying parent company financial statements of Vistamalls, Inc. (the Parent Company) as at and for the year December 31, 2023, on which we have rendered the attached report dated April 15, 2024.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Parent Company has 414 stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

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

April 15, 2024

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders
Vistamalls, Inc.
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 parent company financial statements of Vistamalls, Inc. (the Parent Company) as at and for the years ended December 31, 2023 and 2022 and have issued our report thereon dated April 15, 2024. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the management of the Parent Company. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic parent company financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic 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 financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Vistamalls, Inc.
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 parent company financial statements of Vistamalls, Inc. (the Parent Company) as at and for the year ended December 31, 2023 and have issued our report thereon dated April 15, 2024. Our audits were made for the purpose of forming an opinion on the basic parent company 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 management of the Parent Company. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic parent company financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Parent Company's financial statements as at and for the year ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

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

April 15, 2024

VISTAMALLS, INC.
INDEX TO PARENT COMPANY FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

VISTAMALLS, INC.

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

AS OF DECEMBER 31, 2023

Unappropriated Retained Earnings, beginning of reporting period		₱5,520,749,387
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	258,141,543	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	258,141,543
Unappropriated Retained Earnings, as adjusted		5,262,607,844
Add/Less: Net Income (loss) for the current year		254,551,594
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	336,645	
Unrealized fair value gain on Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		336,645
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income/Loss		254,214,949
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total		–
Total Retained Earnings, end of the reporting period available for dividend declaration		₱5,516,822,793

VISTAMALLS, INC.

SCHEDULE A: FINANCIAL ASSETS (CURRENT MARKETABLE EQUITY AND DEBT SECURITIES AND OTHER SHORT-TERM CASH INVESTMENTS

DECEMBER 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash in banks	N/A	₱1,486,549	₱1,486,549	₱1,887
Receivables from ultimate parent	N/A	2,776,042,331	2,776,042,331	–
Receivables from subsidiaries	N/A	43,978,048,205	43,978,048,205	–
Investment in FVTPL	N/A	25,798,249	25,798,249	–
Total financial assets		₱46,781,375,334	₱46,781,375,334	₱1,887

See Notes 6 and 10 of the Parent Company Financial Statements

VISTAMALLS, INC.

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts liquidated	Amounts written off	Current	Not current	Balance at end of period
Receivable from employees	₱369,336	₱2,110,638	(2,384,974)	₱–	₱95,000	₱–	₱95,000
	₱369,336	₱2,110,638	(₱2,384,974)	₱–	₱95,000	₱–	₱95,000

VISTAMALLS, INC.

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Converted to APIC/Capital Stock	Current	Noncurrent	Balance at end of period

NOT APPLICABLE

VISTAMALLS, INC.

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date

NOT APPLICABLE

VISTAMALLS, INC.

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period
Payable to related parties	₱38,121,649,419	₱38,912,111,058
	₱38,121,649,419	₱38,912,111,058

See Note 10 of the Parent Company Financial Statements

VISTAMALLS, INC.

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee
VLL International, Inc.	Dollar-denominated bonds	₱12,367,408,489	₱ 12,367,408,489	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	10,997,850,537	10,997,850,537	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	19,298,781,112	19,298,781,112	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	9,918,487,330	9,918,487,330	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	4,643,223,361	4,643,223,361	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	11,402,862,634	11,402,862,634	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	2,810,510,039	2,810,510,039	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	3,788,122,722	3,788,122,722	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc	Corporate notes facility	8,572,565,554	8,572,565,554	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	6,465,053,763	6,465,053,763	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,600,000,000	1,600,000,000	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	2,493,341,306	2,493,341,306	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,556,458,333	1,556,458,333	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,314,250,365	1,314,250,365	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	315,789,474	315,789,474	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	200,000,000	200,000,000	Guaranteed principal payments of the securities
		₱97,744,705,019	₱97,744,705,019	

See Note 10 of the Parent Company Financial Statements

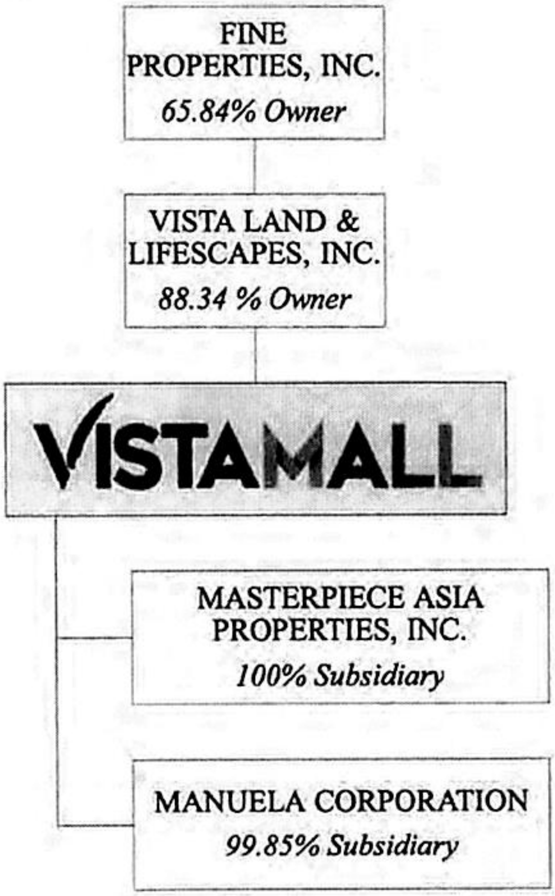
VISTAMALLS, INC.
SCHEDULE G: CAPITAL STOCK
DECEMBER 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱1 par value	16,900,000,000	8,425,981,156 shares issued and outstanding	-	7,558,070,596	6,100	867,904,460
Preferred Stock, ₱0.01 par value	10,000,000,000	2,350,000,000 shares issued and outstanding	-	2,350,000,000	–	–

See Note 11 of the Parent Company Financial Statements

VISTAMALLS, INC.
COMPANY STRUCTURE

Below is the map showing the relationship between and among the Group and its Parent Company, and its subsidiaries as of December 31, 2023.



SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTAMALLS, INC.
AS OF DECEMBER 31, 2023 AND 2022

Ratios	Formula	December 31, 2023	December 31, 2022
Current ratio	Current assets / Current liabilities	**0.07**	0.07
Solvency ratio	Net income + Depreciation / Total liabilities	**0.01**	0.005
Asset to equity ratio	Total assets / Total equity	**3.61**	3.55
Return on equity	Net income / Total equity	**0.02**	0.01
Return on assets	Net income / Average total assets	**0.005**	0.003
Net profit margin	Net income / Net revenue[1]	**31.68**	24.21

[1] *Management income*