COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Brian N. Edang
Contact Person

8571-5948
Registrant Telephone Number

1	2		3	1

Month *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 Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2021**

2. SEC Identification Number **39587**

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

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

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

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

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

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

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

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

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

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

    Yes [**x**]   No [ ]

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

12. Check whether the issuer:

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

    Yes [**x**]   No [ ]

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

    Yes [**x**]   No [ ]

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

₱ 3.2 Billion as of December 31, 2021

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, 2021
(incorporated as reference for Items 7 and 12 of SEC Form 17-A)

TABLE OF CONTENTS

PART I – BUSINESS

Item 1. Business

Overview

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

The Company is the holding company of Vistamalls Group which is engaged in leasing of retail malls and Business Process Outsourcing ("BPO") commercial center. The Group has a wholly owned subsidiary, Masterpiece Asia Properties, Inc. (MAPI) and a 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, 2021 and 2020 the Company has equity interests in the following entities:

	Percentage of Ownership	
Subsidiaries / Associate	**2021**	2020
Subsidiaries:		
Masterpiece Asia Properties, Inc. (MAPI)	**100.0%**	100.0%
Manuela Corporation (MC)	**99.85%**	99.85%

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

Recent Developments

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

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

In December 2015, VLL acquired 6,692.93 million shares of Vistamalls, Inc. from the Fine Group for a total consideration of ₱30,185.11 million (the "First Closing Date"). As 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.

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

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

<u>Products</u>

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

<u>Distribution Methods of Products</u>

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

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

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

Trademark	Registrant	Registration Date	Term	Principal Conditions
starmalls.inc.	Vistamalls, Inc.	14 February 2013	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.
Starmall	Manuela Corporation	16 August 2012	Ten (10) Years	
Starmall (revised design)	Vistamalls, Inc.	28 May 2015	Ten (10) Years	

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

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

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

Masterpiece Asia Properties Inc. – incorporated in October 4, 2001 and is wholly owned by STR. The Company's mall developments are Starmall Prima Taguig, Starmall Prima Daang Hari, Starmall Prima Sta. Rosa, Starmall

San Jose del Monte, Starmall Talisay, Starmall Imus, and Optimum Bank Building. In 2015, it has on-going construction of Starmall Prima Bataan in Balanga City, Bataan and the expansion of Starmall Prima Taguig, Starmall Prima Daang Hari, Starmall Prima Sta. Rosa and Starmall San Jose del Monte.

Manuela Corporation – incorporated in February 22, 1972 and is 99.85% wholly owned by STR. The Company's mall developments are Starmall Las Piñas, Starmall Las Piñas Annex, Starmall EDSA-Shaw and Starmall Alabang. Its corporate building is known as the Worldwide Corporate Center. In 2015, it opened the redeveloped Starmall Las Piñas complex which includes a multi-level parking. In the same year, the construction of a corporate building in Las Piñas City is on-going.

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

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

Bankruptcy, Receivership or Similar Proceeding

As of December 31, 2021, 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 General Trias, Vistamall Tanza, Vistamall North Molino, Vistamall Dasmariñas, Vistamall Malolos. The Company also made an expansion in Vistamall Iloillo, Vistamall Naga, Evia Lifestyle Center, Vistamall Talisay and Global South. The Company opened its commercial centers namely, BCDA Pads and Vista Place – Daanghari. In 2020, the Company also added its mall portfolio in Santiago, Isabela, Cabanatuan, Nueva Ecija and Sta Maria, Bulacan.

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

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, 2021, 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 2021, 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, 2021, the Company and its subsidiaries, had a total of 254 employees. This is broken down by function as follows:

Function	Number of employees
Operations	90
Administrative	79
Technical	85
Total	**254**

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, 2021 are set out in the table below:

LAND

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

BUILDING AND IMPROVEMENTS

Location	Owner	Use
Alabang, Muntinlupa	MC	Mall
EDSA-Shaw	MC	Mall
Las Piñas City	MC	Mall
EDSA-Shaw	MC	Office Building
Las Piñas City	MC	Office Building
San Jose del Monte, Bulacan	MAPI	Mall
Bacoor, Cavite	MAPI	Mall / Office Building
Taguig City	MAPI	Mall
Talisay, Cebu	MAPI	Mall
Imus, Cavite	MAPI	Mall
Sta. Rosa, Laguna	MAPI	Mall
Balanga, Bataan	MAPI	Mall
EDSA, Mandaluyong City	MAPI	Office Building
Kawit, Cavite	MAPI	Mall
General Trias, Cavite	MAPI	Mall
Tanza, Cavite	MAPI	Mall
Malolos, Bulacan	MAPI	Mall
North Molino, Cavite	MAPI	Mall
Dasmariñas, Cavite	MAPI	Mall
Malolos, Bulacan	MAPI	Mall
Santiago, Isabela	MAPI	Mall
Cabanatuan, Nueva Ecija	MAPI	Mall
Sta Maria, Bulacan	MAPI	Mall
Silang, Cavite	MAPI	Mall

As of December 31, 2021, investment properties with carrying amount of ₱4.5 billion were used to secure the bank loans of MAPI and MC (see Note 10 of the 2021 Audited Financial Statements).

Item 3. Legal Proceedings

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

There is another case pending before the Regional Trial Court of Bacoor, Cavite filed by MAPI for quieting of title and annulment of titles involving portions of the Bacoor Property. The case is now on pretrial stage with a hearing set on June 1, 2022.

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

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

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

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

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

As of March 31, 2022, STR's market capitalization stood at ₱27.89 billion based on the ₱3.31 per share closing price.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
18 May 2022	3.21	3.20	3.20

Stockholders

There are approximately 434 holders of common equity security of the Company as of December 31, 2021 (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)	50,764,092	0.60%
5.	PCD Nominee Corporation (Foreign)	3,160,904	0.04%
6.	Peter O. Tan	1,798,000	0.02%
7.	Peter Tan &/or Marilou Tan	1,524,000	0.02%
8.	Orion-Squire Capital, Inc.	82,000	0.00%
9.	Orion-Squire Sec., Inc.	77,900	0.00%
10.	Cua, Ang & Chua Securities Inc.	66,000	0.00%
11.	Dees Securities Corp.	60,715	0.00%
12.	Paic Securities Corporation	60,400	0.00%
13.	Tansengco & Co., Inc.	56,000	0.00%

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

	Stockholders Name	No. of Common Shares	Percentage (of Common Shares)[1]
14.	Ansaldo, Godinez & Co. Inc.	54,286	0.00%
15.	Filinvest Sec. Co. Inc.	50,000	0.00%
16.	Benito Penalosa	50,000	0.00%
17.	Mario Osmena Jr.	50,000	0.00%
18.	David Limqueco Kho	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	1,505,856	0.02%
	Total issued and outstanding common shares as of December 31, 2021	**8,425,981,156**	100.00%

Dividends

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

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

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

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

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

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

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 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For the year ended December 31, 2021, 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 2020 VS YEAR END 2019

RESULTS OF OPERATIONS

Revenues

Operating revenue

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

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

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

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

Costs and Expenses

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

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

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

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

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

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

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

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

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

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

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

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

Provision for Income Tax

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

Net Income

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

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

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

FINANCIAL CONDITION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REVIEW OF YEAR END 2019 VS YEAR END 2018

RESULTS OF OPERATIONS

Revenues

Operating revenue

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

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

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

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

Costs and Expenses

Operating Expenses

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

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

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

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

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

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

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

- Increase in advertising and promotions by 8% from ₱76 million for the year ended December 31, 2018 to ₱82 million for the year ended December 31, 2019 due to increase in advertorials for the marketing and promotion of the malls especially the newly opened ones.
- Increase in insurance by 13% from ₱30 million for the year ended December 31, 2018 to ₱34 million for the year ended December 31, 2019 due to the additional insurance obtained by the Company for its new malls and office buildings.

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

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

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

Interest Income

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

Interest Expense

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

Provision for Income Tax

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

Net Income

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

For the year ended December 31, 2019, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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

FINANCIAL CONDITION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For the year ended December 31, 2019, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 pandemic.

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 2021 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 2021 Audited Financial Statements.

Item 7. Financial Statements

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2021 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, 2019, 2020 and 2021, 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.

	2021	2020
	(In ₱ Millions with VAT)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	**₱ 3.59**	**₱ 4.24**
All other fees	–	–
Total	**₱ 3.59**	**₱ 4.24**

SGV & Company 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, 2021, 2020 and 2019.

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, 2021, 2020 and 2019.

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, 2021.

NAME	AGE	POSITION	CITIZENSHIP
Manuel B. Villar Jr.	72	Chairman	Filipino
Manuel Paolo A. Villar	45	Director and President	Filipino
Cynthia J. Javarez	58	Director & Treasurer	Filipino
Camille A. Villar	36	Director	Filipino
Adisorn Thananun-Narapool	67	Director	Thai
Cherrylyn P. Caoile	47	Independent Director	Filipino
Raul Juan N. Esteban	59	Independent Director	Filipino
Brian N. Edang	43	Chief Financial Officer & Head, Investor Relations	Filipino
Ma. Nalen Rosero	50	Chief Information Officer & Corporate Secretary	Filipino
Jo Marie Lazaro-Lim	43	Compliance Officer & Assistant Corporate Secretary	Filipino
Melissa Camille Z. Domingo	34	Chief Audit Executive	Filipino
Rowena B. Bandigan	44	Chief Accountant	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 the degree of Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She completed a Management Development Program at the Asian Institute of Management in 2006. Ms. Javarez was previously the Chief Financial Officer of Polar Property Holdings Corp. until 2011 and the Tax & Audit Head in the MB Villar Group of Companies until 2007. She was the Controller and Chief Financial Officer of Vista Land since 2013 until she was elected as Chief Operating Officer in November 2018. She is also the current President of Fine Properties, Inc. and Chairman of the Board of Prime Asset Ventures, Inc., Primewater Infrastructure Corp. and Streamtech Systems Technologies, Inc., Planet Cable, Inc. and Dusit Hospitality Education Philippines, Inc. She was previously the President of Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation and Vista Residences, Inc. until 2021.

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.

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

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

RAUL N. ESTEBAN, *Independent Director*, graduated from the Ateneo de Manila University with a degree of Bachelor of Science in Management Engineering. He became a brand manager of Unilever Philippine from 1983 to 1986. He was the Country Representative of PPF (A Subsidiary of Unilever) from 1986 to 1988. He was Founding Partner of AGB-Nielsen Philippines and was Chairman until 2012. He held various positions in the Advertising Board of the Philippines, Advertising Congress, MORES (Marketing & Opinion Research Society of the Philippines) and ESOMAR (World Association of Marketing, Social, and Opinion Research) from 2000 to present. Currently, he is the Managing Director of Philippine Survey and Research Center Inc. Mr. Esteban also serves an Independent Director of AllDay Marts, Inc. since 2021. Mr. Esteban has been a Director of the Company since June 30, 2014. Mr. Esteban possesses all the qualifications and none of the disqualifications of an Independent Director under SRC Rule 38 since his election as such.

BRIAN N. EDANG, *Chief Financial Officer and Head Investor Relations*, Mr. Edang is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He is currently the Treasurer and Director of the following companies: Vista Residences, Inc., Brittany Corporation, Crown Asia Properties, Crown Asia Properties, Inc., Communities Philippines, Inc., and Camella Homes, Inc. He is also currently serving as a director of VistaREIT, Inc. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2004. He is the Head Investor Relations of Vista Land from 2007 up to present and the Chief Financial Officer of the Company since November 2018. Mr. Edang is a member of the Philippine Institute of Certified Public Accountants (PICPA) and the Financial Executives Institute of the Philippines (FINEX).

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

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

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

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

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

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	Mall operations			
Aggregate executive compensation for above named officers		**Actual 2020**	**₱ 10.2 M**	**₱ 0.6 M**
		Actual 2021	**₱ 10.7 M**	**₱ 0.7 M**
		Projected 2022	**₱ 11.3 M**	**₱ 0.7 M**
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2020**	**₱ 5.6 M**	**₱ 0.4 M**
		Actual 2021	**₱ 5.9 M**	**₱ 0.4 M**
		Projected 2022	**₱ 6.2 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 2020 and 2021.

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company's subsidiaries, during 2020 and 2021 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, 2021:

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, 2021

Security Ownership of Management

Security ownership of certain management as of December 31, 2021:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	1,000 – Direct	Filipino	0.00001%
Preferred Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	2,350,000,000 – Indirect	Filipino	21.80776%
Common Shares	Manuel Paolo A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	1,000 – Direct	Filipino	0.00001%

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Cynthia J. Javarez B3A/L2 Vetta di Citta Italia, Imus, Cavite	1,000 – Direct	Filipino	0.00001%
Common Shares	Camille A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 – Indirect	Filipino	0.000001%
Common Shares	Adisorn Thananan-Narapool 1 Q. House, Lumpini 38th Floor, South Saturn Road, Silom, Bangkok, Thailand	1,000 – Indirect	Thai	0.00001%
Common Shares	Cherrylyn P. Caoile U12 Verde de Pasadena Townhomes, 209 Pasadena Drive, San Juan City	1,000 – Indirect	Filipino	0.00001%
Common Shares	Raul Juan N. Esteban 223B Alexandra Condo. 29 Meralco Avenue, Ortigas Center, Pasig City	1,000 – Indirect	Filipino	0.00001%
-	Brian N. Edang B11 L16 Pacita 2, San Pedro, Laguna	-	Filipino	-
-	Ma. Nalen SJ. Rosero Block 5 Lot 2A New Victorianne Row La Posada Subdivision, Sucat, Muntinlupa City	-	Filipino	-
-	Jo Marie Lazaro-Lim Block 3 Lot 13 Maia Alta Courtyards Subdivision, Antipolo City	-	Filipino	-
-	Melissa Camille Z. Domingo 62A Labo St., Sta. Mesa Heights, Brgy. San Isidro Labrador, Quezon City	-	Filipino	-
-	Rowena B. Bandigan B3 L6 P2 Dolmar Golden Hills Subd., Loma de Gato, Marilao Bulacan	-	Filipino	-
AGGREGATE SHAREHOLDINGS		**2,350,006,100**		**21.80782%**

Voting Trust Holders of 5.0% or More

As of December 31, 2021, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes In Control

As of December 31, 2021, 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 2021 Audited Financial Statements, which is incorporated herein in the accompanying Index to Exhibits.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

To be disclosed separately.

PART V – SUSTAINABILITY REPORT

Item 14. Sustainability Report

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 ● Vista Hub – 21st Drive cor. 5th Avenue, Bonifacio Global City, The Fort, Taguig City ● Starmall Alabang – South Luzon Expressway, Alabang, Muntinlupa City ● Starmall EDSA Shaw – Harvard St., Mandaluyong City ● Vista Mall Bataan – Brgy. Cupang Proper, Roman Superhighway, Balanga, Bataan ● NOMO – A Vista Lifestyle Center - Molino Boulevard, Bacoor City, Cavite
Business Model, including Primary Activities, Brands, Products, and Services	Vistamalls, Inc. (“Vistamalls” or “the Company”) is primarily 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. Vistamalls owns and operates a network of malls strategically located throughout Mega Manila and in key cities of the country. As of 2021, the Company runs 31 malls, 69 commercial centers, and 7 offices.
Reporting Period	January 1, 2021 – December 31, 2021
Highest Ranking Person responsible for this report	**Brian N. Edang** Chief Financial Officer Head of Investor Relations

MATERIALITY PROCESS

The Villar Group companies, including Vista Land, are guided by the GRI and SASB Standards in the conduct of their materiality processes with 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. As there were topics in 2020 that can be under common topics, the 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 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 2021, Vistamalls extended the online survey to other departments to capture more insights on the issues in the company.

Majority of 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 digitalization 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 digitalization 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

However, they determined some major risks that may impact the sustainability of the Company. Among these are the COVID-19 pandemic that lead to strict restrictions and limited movements in different establishments, natural calamities, changing consumer behavior especially with the rising preference for online shopping, economic crises, and other operational risks like poor planning and those relating to health and safety.

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 from 2019-2021 Arranged According to Degree[4] of Impact

2019 Topics		2020 Topics		2021 Topics	
1	Local Sourcing and Procurement	1	Corruption/Fraud	1	Ethical Business Practices
2	Energy Management/Efficiency	2	Revenue & Income	2	Innovation
3	Water consumption and Recycling	3	Customer Satisfaction	2	Economic Performance
4	Wastewater Management	4	Health & Safety	3	Customer Satisfaction
5	GHG Emissions/ Climate Change	5	Water Management	3	Land Use
6	Waste Disposal and Recycling	5	Waste Management	4	Store Lease
7	Health & Safety	5	Leadership & Governance	5	Regulatory Compliance
8	Human Rights/ Child Labor/ Forced Labor/ Discrimination	6	Energy Management	5	Landscape Impacts
9	Local Community Engagement	7	PWD Access to Products, Services, & Facilities	6	Marketing & Promotion
10	PWD access to products, services, facilities	7	Ethical Business Operations	6	Human Rights
11	Responsible Supply Chain (Environmental/Social)	8	Tenant Impacts	7	Governance
12	Impact on Biodiversity	8	Store Lease	7	Energy
13	Customer Satisfaction	9	GHG Emissions/Air Quality	8	Occupational Health and Safety
14	Ethical Business Operations	9	Information Security	9	Community
15	Corruption/ Fraud	9	Product/Service Quality and Responsibility	9	Waste Management
16	Innovation in Operations/ Products & Services	9	Land Use	10	Water Use
17	Information Security/ Data Privacy	10	Product/Service/Operations Innovation	11	Green Buildings
18	Employee Turnover, Attrition, and Retention	10	Transparent Information	12	Well-being
19	Employee Training and Competency	11	Sustainability Services	13	Emissions
20	Financial Sustainability/ Profitability	12	Human Rights		
		13	Community Impact & Development		
		14	Procurement Practices		
		14	Employee Turnover, Attrition, & Retention		

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

14	Selling Practices & Product Labeling
14	Climate Change
15	Responsible Supply Chain
16	Employee Training and Competency

The results show a growing criticality for conducting ethical business practices within the organization. Similarly in 2020, Vistamalls view economic performance as one of the most critical topics while bringing attention to innovation - a new topic that the Company believes to be material to the business and to the stakeholders in 2021. Ranking third in the material topics is customer satisfaction, which has been the focus also in 2020.

The shift from environmental to socio-economic topics is attributable to the effects of the COVID-19 pandemic to Vistamalls. Limited operating hours and temporary closure of tenants are among the reasons that impacted the business materially. Given the industry and economic challenges, the Company has compelled itself to reassess its strategies and operations that led it to thrive amidst the pandemic.

ECONOMIC & GOVERNANCE DISCLOSURES

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (in millions PhP)		
	2021	2020	2019
Direct economic value generated (revenue)	9,226.07	7,273.07	7,474.98
Direct economic value distributed:			
a. Operating costs	1,248.59	890.81	1,400.03
b. Employee wages and benefits	238.16	252.82	256.14
c. Payments to suppliers, other operating costs	543.35	48.31	1,289.02
d. Dividends given to stockholders and interest payments to loan providers	239.93	189.02	764.15
e. Taxes given to government	867.85	1,378.80	1,412.32
f. Investments to community (e.g., donations, CSR)	2.45	2.93	9.19

Impact	Stakeholders Affected
Vistamalls showed encouraging results amidst the pandemic as it has registered a 26% increase in its economic performance as compared with 2020. At the start of the pandemic, Vistamalls had to temporarily close 80% of its commercial spaces and stop the construction of commercial projects. This extended until the first quarter of 2021 due to the limited operating hours implemented as part of the quarantine measures. During the second quarter up to the latter months of 2021, Vistamalls reported an increase in its revenues as it opened new commercial centers that houses tenants that offer essential services i.e., home store and supermarket. Vistamalls continues to contribute its financial resources to its stakeholders with 40% for land development, commercial building construction and operating requirements, 8%for employees through wages and benefits, 17% for suppliers, contractors, and other vendors, 8% for stockholders, 28% for the government in the form of taxes, and <1% for community investments.	Employees, Community, Suppliers, Investors, Government, Customers

There were no seasonal changes, known trends, events, or uncertainties in 2021 that are identified to have material impacts to the Company.

Management Approach to Impacts
Vistamalls observes prudence in managing the resources of the Company. Its conscious financial management maintains a healthy gearing ratio. Liability management activities are conducted, as needed. The Company's annual and quarterly financial reports have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS) and such financial reports are being audited by an external auditing firm. These reports are disclosed in the PSE Edge Portal and are also accessible in the company website. Moreover, they are filed and submitted to the relevant regulatory agency.

Risks	Stakeholders Affected
The global economic downturn due to the pandemic has disrupted Vistamalls' business activities. Moreover, inherent financial risks such as foreign exchange devaluation, inflation, among others, continue to affect the Company's financial management.	Employees, Community, Suppliers, Investors, Government, Customers

Management Approach to Risks
Vistamalls has adjusted its operations with the safety measures and protocols as regulated. The economic recovery in the country has opened commercial spaces and allowed construction and real estate development activities to continue in 2021. For financial risks, the Company has a Board Risk Oversight Committee that is responsible for overseeing the Enterprise Risk Management System (ERMS) to ensure its functionality and effectiveness. The system includes mitigation measures and controls for all risks identified by the Company.

Opportunities and Management Approach	Stakeholders Affected
Community-based commercial centers and business process outsourcing (BPO) office spaces provided the Company stable revenues despite the health crisis. This opened an opportunity for Vistamalls to strengthen its leasing business that caters to community-based malls and BPO offices or other similar uses. Consumer behavior studies will be continually practiced to satisfy the preferences of the target customers. Vistamalls will continue to exercise prudence in financial management and discipline for its operational controls, policies, and procedures. It will continue to compete through project concept, quality, affordability, and location.	Employees, Community, Suppliers, Investors, Government, Customers

As the economy improves, Vistamalls will retain its synergistic relationships with the Villar Group in making adjustments to navigate effectively in the new normal.

Climate-related risks and opportunities[5]

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

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

related risks and opportunities	operations of the business and report the findings and risks to the Board. Moreover, the Management is allowed to make judgments 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 short, medium, and long term	Over the short-, medium-, and long-term, the Company has looked into acute physical (e.g., typhoons, floods) and chronic physical (e.g. increase in outside temperatures) risks for its malls and BPO leasing operations as part of operational, financial, and reputational risks. 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 rains. Manpower in the construction sites may also decrease due to unfavorable weather conditions, resulting in delays in the project timelines. • 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 persistent changing of the climate that may need even higher consumption of energy for air conditioning during hot weather conditions and for using generators in times of power interruptions during typhoons.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2ºC or lower scenario	Due to the Company's exposure to climate-related scenarios, Vistamalls conducts thorough technical due diligence and environment scanning on all of its land acquisitions, and mall and office openings. Technical due diligence includes environmental studies not just for specific land parcels but for adjacent areas as well. The Company considers additional measures for specific climate-related events including the 2ºC or lower scenario in its Enterprise Risk Management ("ERM"). Vistamalls continuously improves its Business Continuity Plan (BCP) and allotted budgets reserved for unexpected emergency situations. Different teams are trained to facilitate repairs, maintenance, and operation for any possible scenarios.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes	As with all the key risks (e.g., strategic, compliance, operational, financial, and reputational risks), Vistamalls identifies climate-related

for identifying and assessing climate-related risks	risks based on analysis of key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives. The processes are defined and discussed in the ERM system.
b) Describe the organization's processes for managing climate-related risks	Vistamalls has a risk register with clearly defined, prioritized and residual risks included. This becomes the basis 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. All levels of the Company are involved in the monitoring and reporting areas of concern in the Company. Teams are assigned to assess the conditions of the malls and discuss possible solutions for issues and concerns in the properties. The proposals are the bases for allocating budgets to be approved before implementing them on the ground. Once the solutions are implemented, monitoring and reporting are consistently done.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Natural catastrophes directly affect the Company's operations. Impacts of this risk is measured through the following: ● Number of days of delays in project timeline ● Number of days of property downtime and business disruption ● Costs of repair or replaced damage or destroyed assets ● Costs for maintenance due to wear and tear on or damage to buildings In order to mitigate or eliminate the exposure to 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 targets to have minimal business disruptions to the best of its capacity by tracking the frequency of communication and training sessions with employees regarding protocols in situations related to natural catastrophes or severe weather conditions.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	2021	2020	2019
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 2021, Vistamalls engaged with 365 suppliers that are all based in the Philippines. Specifically, these are businesses that offer preventive maintenance services, constructing and repair services, and materials supply and delivery. The Company continues to invest in local suppliers as a commitment to help develop the local economy. However, local suppliers may not be globally competitive in terms of technology. The pandemic also affected local and global supply chains, causing delays in delivery, shortage of materials, increased pricing, limited face-to-face assessments, and others, which may impact the Vistamalls' operations. All suppliers undergo the accreditation process to properly assess their capabilities to cater 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 strengthen its relationship with local suppliers and to achieve higher standards of procurement. The Company maintains a pool of contractors that are near or within the vicinity of Vista Malls in case of issues or challenges from the regular suppliers who were initially partnered with. In 2021, an online procurement system was put up by the Company where all transactions such as biddings, contract reviews, billing processing, and supply requests can be performed even in a work-from-home setup. The system helped ease the	Suppliers, Contractors, Employees

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	2021	2020	2019
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	2021	2020	2019
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 acknowledges that fraud and corruption management is part of good governance and management practice. These policies are in compliance with the principles and practices set out by the Company's Manual on Corporate Governance. The Whistleblowing Policy and Anti-Corruption Policies of the Company are issued to all staff members, directors, and members of the management and strictly applies to all personnel. During the pandemic, Vistamalls made use of virtual meetings and discussions to reiterate these policies. All available platforms such as email blasts, social media, and virtual meetings were	Employees, Suppliers, Directors and Management, Government Regulators

exhausted to communicate different policies across the organization. Clear protocols are communicated to all employees such as rules about accepting gifts, and direction on how to avoid conflicts of interest.

The Company also makes sure to include discussions on the Anti-Corruption Policies during on-the-job orientation and during the annual corporate values sessions.

Suppliers and contractors undergo a standard accreditation process before being granted projects and contracting. One of the factors in screening them is their compliance with the pertinent regulations based on their experiences and track record. This ascertains the Company of the third parties' ethical business conduct.

These policies are posted on the Company's website as well for the information of all our stakeholders.

For this reason, all employees, director and management, and business partners are trained and communicated on the anti-corruption policies of the Company. Furthermore, there were no recorded cases of corruption in 2021.

Risks and Management Approach	Stakeholders Affected
Corruption is identified to be inherent in any business. In 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. Internally, audit procedures ensure the 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 will continue 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 will remain compliant with the various regulations relevant for its business.	Employees, Suppliers, Directors and Management, Government Regulators

ENVIRONMENT DISCLOSURES

Energy & Emissions

Energy consumption within the organization

Disclosure	Units	2021	2020	2019
Gasoline				
Starmall Alabang	L	10,162.67	4,280	N/A
EVIA	L	20	48	N/A
LPG				
Starmall Alabang	m^3	25,717.04	115[6]	N/A
Starmall EDSA Shaw	kg	62,955.61	N/A	N/A
EVIA	kg	96,617	113,407	7,954.88 GJ
NOMO	m^3	9,387.48	5,643	N/A
Diesel				
Vehicles				
EVIA	L	460	4,500	See note[4]
Vista Mall Bataan	L	6,573.96	7,287	
Starmall EDSA Shaw	L	442.31	1,690	
Generator Sets				
NOMO	L	9,189.80	35,756	Opened December 2019
Starmall Alabang	L	8,144	10,063	228.09 GJ
Starmall EDSA Shaw	L	1,608	1,178	287.18 GJ[7]
EVIA	L	476	24,000	404.19 GJ[4]
Vistamall Bataan	L	6,552	28,000	1,236.46 GJ[4]
Vista Hub	L	1,440	5,276	82.71 GJ
Electricity				
NOMO	MWh	5,953.56	5,457	1,641.5
Starmall Alabang	MWh	14, 936.70	15,115	17,338.89
Starmall EDSA Shaw	MWh	6,735.82	6,820	7,197.84
EVIA	MWh	14,459.39	13,354	9,246.87
Vistamall Bataan	MWh	9,396.11	10,203	8,355.11
Vista Hub	MWh	3,897.19	4,556	906.06

Reduction[8] of energy consumption

Disclosure	Units	2020 vs 2021	2019 vs 2020
Gasoline			
Starmall Alabang	L	-5,883	856
EVIA	L	28	N/A

[6] The previous 115,200 L is converted to cubic meters to ensure comparability between different years.
[7] In 2019, the figure is an accumulated value for the volume of diesel consumption from vehicles and generator sets.
[8] Negative values mean an increased consumption compared to previous year's consumption.

LPG			
Starmall Alabang	L	-25,602	10,393
Starmall EDSA Shaw	kg	N/A	N/A
EVIA	kg	16,790	50,508
NOMO	m^3	-3745	N/A
Diesel			
Vehicles			
Starmall EDSA Shaw	L	1,248	N/A
EVIA	L	4,040	2,556
Vista Mall Bataan	L	713	-5,415
Generator Sets			
NOMO	L	26,566	N/A
Starmall Alabang	L	1,919	-4,120
Starmall EDSA Shaw	L	-430	N/A
EVIA	L	23,524	-19,500
Vistamall Bataan	L	21,448	2,420
Vista Hub	L	3,836	N/A
Electricity			
NOMO	MWh	-496	-3,623
Starmall Alabang	MWh	178	10,329
Starmall EDSA Shaw	MWh	84	378
EVIA	MWh	-1,105	7,319
Vistamall Bataan	MWh	807	3,206
Vista Hub	MWh	659	7

Air Emissions

GHG

Disclosure	2021	2020	2019
Direct (Scope 1) GHG Emissions (in tonnes CO_2e)			
NOMO	24.74	99.73	0
Starmall Alabang	41,602.70	55.92	32
Starmall EDSA Shaw	204.49	7.69	40
EVIA	309.98	437.62[9]	111
Vistamall Bataan	35.25	94.89	174
Vista Hub	3.88	14.20	12
Energy indirect (Scope 2) GHG Emissions (in tonnes CO_2e)			
NOMO	4,240.12	3,886.64	1,169
Starmall Alabang	10,637.92	10,764.90	12,349
Starmall EDSA Shaw	4,797.25	4,857.07	5,126
EVIA	10,297.98	9,511.03	6,586
Vistamall Bataan	6,691.91	7,266.58	5,951
Vista Hub	2,775.58	3,245.02	645

[9] The scope 1 emissions disclosed in 2020 was 114.77 tonnes CO_2e. This is a recalculation to capture other fuel consumption in 2020.

Emission of ozone-depleting substances (ODS)	N/A	N/A	0

Air Pollutants

Vistamalls has no monitoring system yet to track 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 which are the source of diesel consumption in 2021.	Employees, Tenants, Customers

Management Approach to Impacts

Vistamalls trains its operations staff on energy management measures which include the proper maintenance and operation of diesel generator sets.

Energy saving measures are being adopted. These include measures such as:

- upgrading lighting fixtures from CFL/fluorescent lightings to LED bulbs. As of 2021, 90% have been converted into LED lights;
- scheduling the switching of lights, air conditioning units, elevators and escalators;
- daily monitoring of temperature wherein low temperatures indicate that equipment must be switched off. Ambient temperature is maintained at 24-degrees Celsius. During non-peak hours, ACUs are ;
- 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 and Management Approach	Stakeholders Affected
Vistamalls sees the risk of 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	Employees, Tenants, Customers

facilities and equipment. The data serve 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 admins 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 admins 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 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. By early 2022, the solar panels will be operational and will be turned over to the NOMO management. In EVIA, 20% of the open parking areas are installed with solar power lights. Actual savings for this will be reported in 2022 onwards. Vista Hub management is studying retrofits to achieve the Building for Ecologically Responsive Design Excellence (BERDE) Green Building Rating by 2024. 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	2021	2020	2019
Water withdrawal (in m^3)			
NOMO	28,061	34,381	N/A
Starmall Alabang	21,907	33,748	200,750[10]
Starmall EDSA Shaw	54,490	59,378	0
EVIA	117,259	131,176	N/A
Vistamall Bataan	18,478.50	110,638	N/A
Vista Hub	3,545.92	10,786	N/A

[10] Figure is based on the average withdrawal of water from groundwater at 550 cubic meters per day.

Water consumption (in m^3)			
NOMO	10,516	30,265	788
Starmall Alabang	6,572.1	10,124	35,947
Starmall EDSA Shaw	5,988.70	39,033	69,017
EVIA	83,370	41,902	188,937
Vistamall Bataan	3,696.5	99,574	96,188
Vista Hub	3,319.92	10,786	1,784
Water recycled and reused (in m^3)			
NOMO	No data	N/A	N/A
Starmall Alabang			
Starmall EDSA Shaw			
EVIA			
Vistamall Bataan			
Vista Hub			

Effluents

Disclosure	2021	2020	2019
Total volume of water discharges (in m^3)			
NOMO	17,545	4,016	Opened December 2019
Starmall Alabang	15,334.9	23,624	560
Starmall EDSA Shaw	48,501.30	41,565	55,214
EVIA	33,889	56,160	547,500[11]
Vista Mall Bataan	7,800	11,064	109,500[12]
Vista Hub	No data available[13]	862	N/A[10]
Percent of wastewater recycled	No data available	No data available	0

Impact and Management Approach	Stakeholders Affected
Water is an integral part of Mall operations. Water has been a vital resource in the Company's operations. It is especially used for the malls' cooling system, cooking and washing supply of tenants, and supply for comfort rooms and water features (e.g., fountains). The Company also ensures that discharges to creeks and rivers comply with national standards. The Company does the following measures to ensure that water is consumed efficiently in its operations: ● During the cleaning of malls and BPO spaces, the Company minimizes the use of water through proper scheduling of floor wash downs or cleanings ● Train personnel on water conservation	Employees, Tenants, Customers

[11] Discharge is sent to Malipay Creek.
[12] Based on the average of 300 cubic meters a day, discharged to the nearest creek.
[13] Wastewater is sent to the Bonifacio Water Corporation (third party utility) through sewer lines.

- Regular maintenance of all pipes, valves, and pumps
- The Company takes initiatives to prevent soil and water contamination by waterproofing of STP chambers that ensures the containment and discharge system have no leaks
- New technologies such as sensor-type faucets are installed in all malls and BPO properties.
- Regular testing is performed to pass water and wastewater quality standards set by government regulations
- Reduce percentage of valve opening in common areas
- Reduced water pressure in comfort rooms
- Water features are only opened during weekends
- Check and maintenance of pipes to avoid leaks
- Provision of water meters for daily monitoring of water consumption

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

Property management teams practice harvesting rainwater for flushing urinals and water closets, and reuse it for perimeter cleaning and landscape maintenance.

Risks	Stakeholders Affected
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.	Employees, Tenants, Customers

Management Approach to Risks
The malls are equipped with water tanks which allow them to supply water needs in times 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 also lowers sludge that can affect the environment. In the case of Vista Hub, water discharges are treated by the Bonifacio Water Corporation (BWC). BWC has its own standard parameters for the treatment of effluents which are as follows: Biological Oxygen Demand (BOD) - 324, Chemical Oxygen Demand (COD) - 648, Total Suspended Solids (TSS) - 378, Oil and Grease (less than 20).

Opportunities	Stakeholders Affected
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, and soil and underground contamination from leakages. The Company is, therefore, looking for the possibility of installing water-recycling equipment to divert discharges for other uses such as landscape maintenance.	Employees, Tenants, Customers

Management Approach to Opportunities
Vistamalls targets to lessen the water withdrawn needed to run the facilities by a minimum of 20% by the end of the year. As part of this target, the Company plans to recycle wastewater to operate the cooling towers. It is also the initiative of Vistamalls to blow off 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

This topic is identified as not material to Vistamalls.

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. These 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 neighbouring environment and amenities.

Wastes

Solid Waste

Disclosure		Units	2021	2020	2019
Reusable					
Starmall Alabang	Paper	kg	150	155.13	N/A
Vista Mall Bataan	Boxes, Plastic	kg	37.94	-	-
Vista Hub	Paper	kg	40	-	-
Recyclable					
NOMO	Paper, cartons, plastic	kg	7,200	1,000	0
Starmall EDSA Shaw	Paper, plastics	MT	130	105	4
EVIA	Plastic	kg	50	No data	750
Vista Mall Bataan	Paper	kg	7.3	450	650
Vista Hub	Paper	kg	0	234.4	36
Composted					
NOMO	Kitchen waste	kg	108,000	30,000	0
Starmall Alabang	Food waste	kg	63,300	No data	57,300
EVIA	Food Waste	kg	11,030	30,000	30,000
Vista Mall Bataan	Food Waste	kg	0	30,000	45,000
Vista Hub	Food Waste	kg	0	1,993.6	0
Residuals/Landfilled					
NOMO	Assorted waste	MT	0.96	145	5,000
Starmall Alabang	Assorted waste	kg	48,000	No data	93,200
Starmall EDSA Shaw	Paper	kg	200,000	No data	680,000
EVIA	Paper	kg	550	602	54,000
	Plastics	kg	275	448	
	Food waste	kg	16,970	-	-
Vista Mall Bataan	Assorted waste	kg	945	48,000	68,000
Vista Hub	Papers	kg	3,909	No data	35,505
Recovered					
Starmall Alabang	Plastics	kg	0	103.42	-

Hazardous Waste

Disclosure		Units	2021	2020	2019
Total weight of hazardous waste generated					
NOMO	Bulbs	pcs	0	25	Opened December 2019
	Used Oil	L	8,064	0	
	Batteries	pcs	0	22	
	Tissue Papers	kg	600	No data	
Starmall Alabang	Bulbs	pcs	300	0	70
	Used oil	drums	0	0	6
	Batteries	pcs	50	0	8

Starmall EDSA Shaw	Bulbs	MT	0.06	0.003	61
	Batteries	MT	0.002	-	-
	Grease Sludge	MT	0.001	0.001	480
EVIA	Bulbs	pcs	685	376	119
	Floodlights	pcs	0	0	23
	Genset Batteries	pcs	16	16	16
	Face masks	sacks	2	-	-
	Face shields	sacks	0.5	-	-
Vista Mall Bataan	Bulbs	pcs	112[14]	155	No data
	Genset Batteries	pcs	-	-	95
	Used Oil	gal	272[11]	95	No data
	Used Gloves	kg	2	-	-
	Face masks	kg	1	-	-
Vista Hub	Bulbs	pcs	245	343	N/A
Total weight of hazardous waste transported					
NOMO	Not specified	kg	0[15]	No data available	Opened December 2019
Starmall Alabang[16]	Bulbs	kg	0		70
	Genset Batteries	pcs	0		8
Starmall EDSA Shaw	Grease sludge	kg	450		480
	Bulbs	pcs	300		61
	Genset Batteries	pcs	18		-
EVIA	Not specified	pcs	2.5		80
Vista Mall Bataan	Not specified	kg	387		0
Vista Hub	Not specified	kg	0		N/A

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

Having an effective solid waste management system minimizes cost of disposal as recyclable items generates income. Vistamalls shares the responsibility of practicing waste management with its tenants and service providers.

14 In kg

15 All hazardous wastes were pulled out by the general contractor.

16 There are no bulbs and genset batteries were transported for disposal and treatment in 2021.

Segregation at the source is encouraged for all the mall and BPO tenants. Each segregated waste is hauled by a contracted waste disposal contractor to the proper facilities. 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 for 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 SIPAG 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, Opportunities, and Management Approach	Stakeholders Affected
Improper disposal of materials and other resources increases waste generation that may cause pollution of the environment. With the opening of the Philippine economy in 2021, more foot traffic and GFA has been reopened in different malls and BPO spaces. Vistamalls recognizes 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, the SWM promotes compliance with the regulations and is considered to be a plus factor for incoming tenants. Vistamalls will continue to monitor the volume of wastes generated through manual tracking, visual confirmation, referencing on the hauling data, and estimations using the size of garbage trucks for determining volume of wastes collected. The Company will continue to gather all reports from haulers to monitor monthly generation of solid wastes. The waste management policy of the Company will be regularly communicated to the employees, tenants and service providers through announcement of house rules, memos, signages on trash	Employees, Tenants, Community, Contractors, Service providers, Customers, Government regulators

bins, emails, and letters. To monitor the compliance of all parties, deployed officers are expected to conduct surprise inspections and impose penalties and violation tickets to those parties who are non-compliant.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	2021	2020	2019
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
Prior to any land development activity, Vistamalls secure the environmental permits, including environmental compliance certificate and drainage permit for the sewage treatment plants, from the appropriate government agencies. As of 2021, the Company's retail and business process outsourcing (BPO) operations comply with all local and national environmental regulations.	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 is in charge of ensuring that all environmental regulations are complied with. The PCO also acts as oversight and recommends actions for management to look and act on.

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 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. The Company partners up with its tenants in this endeavor. Communication of company policies and guidelines is implemented. Among these policies and guidelines are the ban of single-use plastics, construction/fit out guidelines wherein the specification of lighting fixtures need to be uniform with the building requirements, and the switching off of all facilities and equipment after mall hours.

Opportunities	Stakeholders Affected
Vistamalls will continue to promote, implement, monitor, and invest in environmental-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 Benefits

Employee Data

Disclosure	2021	2020	2019
Total number of employees	254	257	368
Number of female employees	142	145	209
Number of male employees	112	112	159
Attrition rate[17]	-7%	-23%	22%
Ratio of lowest paid employee against minimum wage	1:1	1:1	1:1

Employee Benefits

List of Benefits	Y/N	% of female employees who availed			% of male employees who availed		
		2021	2020	2019	2021	2020	2019
SSS	Y	23	12	4	18	8	3
PhilHealth	Y	10	4	4	5	7	2
Pag-IBIG	Y	4	3	2.5	3	2	3
Parental leaves	Y	10	6	2	3	4	1.5
Vacation leaves	Y	87	95	47	91	70	31
Sick leaves	Y	35	58	28.5	25	33	13
Medical Benefits (aside from PhilHealth)	Y	75	31	45.6	70	19	33.7
Housing assistance (aside from Pag-IBIG)	Y	100	0	No data	100	0	No data
Retirement fund (aside from SSS)	Y	100	0	No data	100	0	No data
Further education support	N	0	0	N/A	0	0	N/A
Company stock options	N	100	0	N/A	100	0	N/A
Telecommuting	Y	100	100	56	100	100	56
Flexible-working Hours	N	0	0	N/A	0	0	N/A

[17] 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)

Diversity and Equal Opportunity

Disclosure	2021	2020	2019
% of females in the workforce	56	56	56.79
% of males in the workforce	44	44	43.21
Number of employees from indigenous communities and/or vulnerable sector[18]	8	6	0

Impacts and Management Approach

Employees are the most important stakeholder of Vistamalls. Because of this, the Company ensures that they are well-cared for during their time in the company.

Vistamalls does not discriminate against its employees based on personal characteristics, including gender orientation. It is part of the recruitment policy that the Company 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 we reach a broader pool of candidates.

The Company 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.

During the pandemic, the Company ensured that the employees are well taken care of. Telecommuting was made available, and shuttle services were provided to those who reported in the offices and malls. The Company implemented extended health programs via the Health Maintenance Organization (HMO) provider and other partner establishments.

NEW HIRES and TURNOVERS

Recruitment in 2021 remained challenging due to the limitations set by the ongoing pandemic. Screening of applicants remained online, and most job seekers were particular about the work arrangement of companies, whether on-site or working from home.

As the Philippine economy is reopening, Vistamalls has also shown recovery in terms of retaining employees. Compared in 2020, the Company records a lower attrition rate in 2021. This testifies how Vistamalls give priority to the employees amidst the pandemic.

During the pandemic, the Company took care of the new talents. In addition, telecommuting was made available, when possible, and shuttle services to ensure the safety of the employees.

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. As of 2021, the employees are very satisfied with the benefits package offered by the Company as it provides them with health

[18] These are employees who are aged above 50 years old.

insurance and bonuses despite the economy's current situation during the pandemic. The HMO provider ensures the availability of teleconsult to its members 24 hours a day. In addition, Vistamalls partnered with QR Diagnostic Clinic to facilitate RT-PCR tests to employees and administer vaccines to help curb COVID transmission.

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 sees the risk of having problems in hiring and retaining personnel. As a result, problems like these could impair the ability of Vistamalls 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 in fear of contracting the virus.

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 26.6. 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	2021	2020	2019
Total training hours	848	1,056	3,055
Female employees	10	272	1,827
Male employees	9	784	1,228
Average training hours	3.34	4.11	8.0
Female employees	2.59	1.88	8.0
Male employees	4.29	7.00	8.0

Impacts and Management Approach

Providing employees with a Training and Development Program increases employee satisfaction and motivation. Inclusion in training makes employees appreciated and valued. In addition, training helps increase employees' capacity to deliver and promote 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.

Facilitate continuous learning and development by providing employees with tools that they may be able to use to further enhance their skills. Courses should be targeted at employees' specific weaknesses identified by the head during performance evaluation.

The Company evaluates its employees annually using a standard Performance Evaluation Form. In the said form, employees are rated from 1 to 5 based on their Job Knowledge and subscription to the Company Values. Said evaluation will be the basis for promotions and salary increases. During the pandemic, where face-to-face interactions are limited, heads are asked to monitor closely and work from home deliverables of their team.

Risks and Management Approach

Lack of training amongst employees may result in unsatisfied employees. As a result, employees tend to perform poorly as no outlet is provided for learning and improvement. 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 shifted to online-based courses to ensure training, learning, and development while adjusting to the new normal. Doing so has allowed Vistamalls to familiarize themselves with various digital platforms and be creative in delivering online training.

Opportunities and Management Approach

The Company recognizes employees who have done exceptional work in their respective fields. Vistamalls provides merit increases and promotion to the next rank to deserving employees regardless of age or tenure. The Company also provides employees with salary increments and promotions based on performance evaluation. Aside from promotion to the next rank with salary increment, the Company rewards an employee's excellent performance through travel incentives.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2021	2020	2019
Safe Man-Hours	2,496	2,496[19]	14,796
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	5	2	48

Impacts and Management Approach

Vistamalls prioritizes the health and safety of its employees, especially since some need to report to the malls and offices. In 2021, the Company reported no cases of work-related fatalities and injuries.

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. Additional safety measures have been implemented for COVID-19 prevention. For example, employees are asked 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.

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.

The company has laid out a strict COVID-19 policy to ensure safety from the virus. Signages are put up in all offices to keep employees informed of these policies.

Employees must use the Vista Health App -- a mobile app developed by the Villar Group so the company can easily monitor employees with symptoms and refer them to telemedicine. Sanitizers, masks, and foot baths have also been in place since the start of the pandemic in all offices.

[19] Cumulative for the period of January to December 2020

Risks

The changing alert levels has been a challenge for Vistamalls to adjust into. Moreover, work-related hazards, that includes 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 conducts risk assessments executed by the Company's health and safety committee to identify occupational safety hazards and risks.

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 2021, there were five 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 training conducted for employees provides them with a strong sense of confidence and additional knowledge so that employees can consult them in developing safety protocols in the workplace and ensure that they are carried out correctly. With the enhanced health and safety protocols caused by the pandemic, Vistamalls will continue to improve its occupational safety management system to ensure safe and healthy workplaces for its employees.

Management Approach to Opportunities
The Company partners with the nation's leading HMO provider for its employees' health and wellness. There is an Annual Physical Exam and timely COVID-19 tests to ensure that the workplace is COVID-free. The use of telemedicine is also encouraged. Vistamalls has laid out a strict COVID-19 policy to ensure we are safe from the virus. Signages are put up in all offices to keep employees informed of these policies. Employees must use the Vista Health App– a mobile app developed by the Villar Group so the company can easily monitor employees with symptoms and refer them to telemedicine. Sanitizers, masks, and foot baths have also been in place since the start of the pandemic in all offices. The Company provides non-occupational medical and healthcare services. The services provided for employees range from consultations, laboratory tests, confinement, and minor and major procedures. All employees, upon regularization, have access to this. Employees can have teleconsultations through the company's accredited HMO provider. Health risks being addressed are Tuberculosis, Hepatitis B, and HIV-AIDS. Employees can access these through the company's partner HMO website and self-help kiosk.

Labor Laws and Human Rights

Disclosure	2021	2020	2019
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	2021	2020	2019
% of employees covered with Collective Bargaining Agreements	0	0	0
Number of consultations conducted with employees concerning employee-related policies	0	0	0

Impact, Risks, Opportunities, and Management Approach

Vistamalls has no collective bargaining agreements with its employees and none of the employees belong to a union. Moreover, the Company remains compliant with the different labor laws and regulations as there are no recorded cases of violation of human rights in 2021.

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. It, therefore, expects them to do their part in achieving the goals and objectives of the organization. To keep employees informed and on track of the goals and objectives, the Company facilitates company-sponsored activities and performs annual performance reviews of the company. During this activity, open discussion is encouraged to hear suggestions and inputs of the employees.

Various platforms such as surveys, focus-group discussions, regular staff meetings, and coordination meetings are made available for employees to participate in. Moreover, regular values sessions are conducted per department wherein Company values are reiterated and becomes an avenue for employees to voice out their concerns.

The Human Resources Department (HRD) is mandated to welcome, to accommodate, and to address the concerns of the employees. Any complaints received pertaining to discrimination will be dealt with promptly and with fairness. Same as other offenses, the Human Resource Department will investigate based on the incident report, testimony of the witnesses, and other evidence related to the commission of the offense. Employees are protected by the Whistle Blowing Policy so they can freely communicate their concerns without fear of retaliation and can have 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 conducts an investigation of the incident reported. Once confirmed, the management and/or HRD will make the appropriate disciplinary action and will closely monitor the agreed resolution, if needed. The due process is based on the 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 states that the Company does not encourage any act of insult, disrespect, or rudeness of employees.

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

Any complaints received pertaining to discrimination will be dealt with promptly and with fairness. Same as other offenses, HRD will investigate based on the incident report, testimony of the witnesses, and other evidence related to the commission of the offense. All employees shall be afforded with due process before implementation of the sanction, if applicable.

Upon receipt of the complaint, the Company evaluates and investigates. If needed, it is forwarded to a subject matter expert. Afterwards, the company develops a resolution in coordination with the complainant. Upon agreement, the resolution is implemented and monitored closely.

Employees are sometimes eager to resolve matters on their own and not relay their concerns to their heads or to the Human Resources Department. However, the HR Department and heads are encouraged to keep their communication lines open to make employees feel comfortable with reporting their concerns to the correct people.

Vistamalls encourages workers to respect each other's differences and promotes Teamwork as one of the core values of the Company. It will, therefore, continue to conduct human capital risks assessments through quarterly review of the existing manpower and employees rankings. The senior management will continue assessing employees and their capabilities to meet the goals of the Company.

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 accreditation procedure that considers their experience in the industry, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. As assessed, Vistamalls has identified no significant environmental and social impacts of suppliers that may impact the supply chain. Moreover, there were no suppliers blacklisted in 2021.

The Purchasing group facilitates the accreditation process. After this, the suppliers are rated by the Audit team through scorecards. The ratings are heavily referenced from the following:

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

Their environmental and social impacts are checked and evaluated based on certifications and permits required to obtain from their previous and existing projects. Moreover, they are expected to adhere to the Philippine laws and conduct their business ethically. This applies also to potential suppliers who wish to engage with Vistamalls.

Risks and Management Approach

Vistamalls is at risk of price fluctuations of materials (e.g., steel, cement, and other raw materials for construction), changing regulations, and labor shortages that may impact its supply chain. Moreover, the pandemic forced to alter the accreditation process in observance of the safety protocols. This resulted in limited visits to offices, plants and project sites.

The in-house purchasing group is responsible for searching and selecting suppliers, accredit them, negotiate lock-in prices for an agreed period of time, and manage the level of materials inventory. Materials are ordered by bulk to get the maximum discounted price for common requirements.

As to the risk of labor shortages, Vistamalls employs the services of local contractors in locations where it is present, thus strengthening the relationship with local communities. Moreover, 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.

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

- 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 with them
- issuances of letter of delays that contains the grace period for suppliers to resolve the issue. After the grace period and the issue has not been resolved, the Company will impose penalties as stipulated in the contracts.

Opportunities and Management Approach

Vistamalls is continuously growing its lease portfolio via enhancements of existing assets and constructing more vertical developments, retail malls, and BPO commercial centers. Because of this, the Company will continue to maintain long-term relationships with 365 accredited suppliers and deal with them on an arm’s length basis.

The synergy of all procurement teams within the Villar Group will be maintained to negotiate prices of key goods and services as one block. 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	Vistamall Bataan
Location	Bataan
Vulnerable groups[20] (if applicable)	Children, youth, and elderly
Does the particular operation have impacts on indigenous people?	No
Collective or individual rights that have been identified that or particular concern for the community	Right to have the highest standard of living by providing access to goods and other necessities
Mitigating measures or enhancement measures	Dialogue with the communities on their necessities

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

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

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

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

Impacts to Communities
Vistamalls shares the vision of Vista Land, its parent Company, in realizing a vision called Communicities to enhance its relationship with communities across the country. The Company commits to give local communities livelihood income, job opportunities, and increase local taxes. Hence, Vistamalls continues to engage with them monthly and through seasonal marketing activities. 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, MEX. 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. In support of local farmers and craftsmen, Vistamalls, in partnership with the Department of Agriculture, launched "**Farm To Table AgriMarket**." The partnership's goal is to continue providing livelihood and additional revenue to local farmers and craftsmen while showcasing locally-sourced fresh & frozen produce and handmade Filipino crafted goods from vendors all over the Philippines. As a result, local farmers are allowed to reach a wider audience and introduce their quality products to more potential buyers. Vistamalls, composed of its local operations team and through the help of volunteers from Naga City, completed handing over a thousand packs of relief goods allocated to residents of Naga. The donation was made possible through the generosity of Vistamalls' customers, employees, and partners. The relief packs were distributed among residents of 8 barangays–Pequeña, Balatas, Tinago, Dayangdang, Peñafrancia, Liboton, Abella, Bagumbayan Sur, within the City of Naga. Donations are in the form of the following: cash, new clothes, bottled water, canned goods, medicine, sanitary products and other essential supplies. The local government of Naga and Camarines Sur chose the beneficiaries. This donation is part of the Vistamalls' **Give Hope Project**, which aims to assist in the recovery of the families affected by Typhoons Rolly, Siony, and Ulysses. In some locations, Vistamalls and Starmalls also hosted community pantries through the Give Hope Project with the help of in-kind donations from its tenants, employees, and Crystal Clear, a bottled water manufacturer. The Give Hope Project is the Mall's CSR Campaign that was launched in 2020 when the country went through typhoons that resulted in massive flooding and displacement in areas like Rizal, Marikina, and Bicol region. Vistamalls and Starmall manifested support for the global campaign for the protection of pets and the rest of the animal kingdom. Furr-parents were invited to join Vistamalls' free anti-rabies vaccination drive and pet blessing in select branches in Metro Manila, Southern Tagalog, and Central Luzon. Vista Mall in Taguig had the greatest number of pets blessed, followed by Dasmariñas and Lakefront, making up 379 pets also treated to a day of strolling at the pet-friendly malls. Vistamalls have 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.

In cooperation with the Department of Health and the local government units of Taguig City and Tanza, Vistamalls has signed on to become an official partner of the nationwide COVID-19 vaccination program, **ResBakuna**, as satellite vaccination centers for the residents of Taguig City and the municipality of Tanza in Cavite.

Satellite vaccination sites are put in place to help decongest local health centers and to make inoculation safer and more convenient for residents. Given Vistamalls' long standing commitment to being an active and productive member of the communities they are present in, it was not a hard decision for the management to open its doors to the ResBakuna program.

Customer Management

Customer Satisfaction

Sites	Did a third party conduct the customer satisfaction study?	Customer Satisfaction Score		
		2021[21]	2020	2019[22]
EVIA	Yes	4.7	4.5/5[23]	8.87
NOMO	Yes	4.5	4.35/5[20]	No data
Starmall Alabang	Yes*	4.2	4.13/5	8.59
Starmall EDSA Shaw	Yes*	4.3	4.04/5	8.39
Vista Mall Bataan	Yes	4.3	4.29/5[20]	8.32
Vista Hub	N/A	N/A	No data	No data

Impact

As the economies start opening up again, so are establishments resuming operations. In line with this, essential workers start reporting to their respective workplaces, as there are industries that cannot afford to implement work-from-home arrangements due to the nature of their business.

Vistamalls in strategic locations have established themselves as a reliable transport hub for commuters. Public transportation includes point-to-point buses, public buses, jeepneys, and taxis.

Vistamalls collected customer satisfaction from its customers via Google reviews for 2021. The collection is done every month and consolidated on a semestral basis– January to June and July to December.

Customer satisfaction surveys conducted by third-party companies look into how Vistamalls customers are satisfied with the overall appearance, operations, cleanliness, and the quality of its partner establishments and activity areas (e.g., event centers, cinemas).

[21] The customer satisfaction is based on Google Reviews.

[22] The survey is conducted by R&H Market Opportunity Windows, Inc. in 2019

[23] Not conducted by a third-party

Management Approach to Impacts

Based on the Company's surveys, customers are looking for more shops and stores and more promos and discounts.

Vistamalls strengthened its online presence to reach out to more customers and tenants in response to this. The Company also renovated malls, and new tenants occupied the spaces available apart from the usual AllValue affiliates. An E-commerce website was also launched so that the customers could use it for shopping. In addition to this, the Company utilized live selling, social media promotions, and digital advertising.

On top of these, personal shoppers, curbside pick-up service, and various delivery partners are available for a more convenient shopping experience.

In 2021, Vistamalls continuously provided the services it initially implemented, but as the restrictions loosened, the influx of people going to malls is more nowadays than those shopping online.

Continuous improvement in providing excellent services amidst the pandemic motivates the Company. This has garnered better results in 2021 than in 2020 based on website traffic and social media engagements.

Risks and Management Approach

A significant reduction of customer satisfaction ratings of the malls would lead to reputational risks and loss of confidence.

Feedbacks are welcomed by Vistamalls and are taken into consideration during the Company's business planning sessions.

In response, Vistamalls redeveloped its old malls which include upgrading of mall façade, mall interior designs and tenant upgrade. With increased demand for digital services, the Company launched the Personal Shopper service to help customers and enable contactless shopping. Vistamalls observed strict implementation of safety measures, clean and good ambiance and comfortable shopping experience for its customers.

Communication lines were extended through Viber, SMS, and direct call for customers to raise their concerns faster and easier.

As part of increasing customer satisfaction, mall personnel, especially those in charge of housekeeping, security, and customer service attendants, are trained for better handling of customer concerns.

Opportunities and Management Approach

The Company aims to continually provide an improved mall experience of mall goers of both new and existing malls, through structural and design improvements.
The Company's malls are built in proximity to villages and subdivisions, with good air-conditioning systems, world class cinemas, beautifully designed and with 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.

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

Health and Safety

Disclosure	2021	2020	2019
No. of substantiated complaints[24] on product or service health and safety	0	0	103
No. of complaints addressed	0	0	98

Impact

During the reporting year, the Company has received no complaints. Yet, Vistamalls maintains an open communication for any concerns or complaints relating to the health and safety of its customers.

Previous concerns involve those that pertain to the building facilities. The Company believes that these affect mall operations, health and safety teams, and Vistamalls' engagement with the community. Hence, the Management ensures that all concerns are always proactively resolved.

Management Approach to Impacts

Navigating through the new normal can be tough but must be battled with the unwavering goal of adapting. In efforts to adapt to the new normal, Vistamalls has earned the Safety Seal joint certification issued by the Departments of Health, Labor, Interior, and Local Government, Tourism and Trade and Industry. This certification guarantees that Vistamalls has met minimum public health standards set by the government in managing the pandemic to aid the reopening of the economy. The Safety Seal certifies that it is safe to navigate the new normal again in any branch of Vistamalls without worrying about the unnecessary risks of going out. In addition to this, Vistamalls cooperated with the government's initiative to roll out the vaccine. In cooperation, five Vistamalls across the country are now official sites for the DOH-led vaccination efforts.

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

[24] 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.

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

Vistamalls, just like all businesses, are exposed to the risk of natural disasters, such as but not limited to earthquakes and typhoons, which pose a danger to customers and employees. On the other hand, the COVID-19 pandemic has increased health and safety risks, especially on the mall premises.

Management Approach to Risks

Vistamalls take pride in having malls that are designed to meet international standards. One way to guarantee this is by having rehabilitation programs to keep existing malls up to date with current standards.

The health and safety of customers have always been a top priority for Vistamalls. The Company ensured 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.There are existing medical teams trained to handle first aid procedures in emergencies. Mall clinics are also provided for emergencies and are connected with hospitals nearby for other medical emergencies that our in-house clinics cannot treat.

The pandemic required a different health and safety strategy. All industries juggled between initiatives in terms of adapting to the new normal. As an ongoing initiative, mall-goers are constantly being reminded of safety protocols. Before entry, all customers must undergo temperature scanning (those who register a temperature of 37.5' or higher will be denied entry) and hand & foot sanitation (through alcohol application and foot bath). When inside the mall, the following must be observed: wearing of face mask at all times and strict physical distancing of at least 2 meters apart.

As a well-known fact that the pandemic spreads through contact, 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 the spread of the virus. 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 of its malls to guarantee a safe transition to the new normal.

Marketing and Labelling

Disclosure	2021	2020	2019
No. of substantiated complaints on marketing and labelling	0	0	0
No. of complaints addressed	0	0	0

Impact

Marketing and labelling are methods by which the Company promotes mall services and promos, events such as but not limited to seasonal, artist mall shows, children events, movie and album mall tours, product launches, and 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

The COVID-19 pandemic has continuously affected businesses globally, simultaneously hitting markets negatively. Given that Vistamalls is service-based, the WFH arrangement is not suitable due to the need for actual inspection of mall premises and equipment.

Management Approach to Risks

To keep up with the constant changes of trends in the retail market industry— both local and international, the Company is on the lookout for what its customer requires and demands. All things are considered, from tonality, designs, and up until 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	2021	2020	2019
No. of substantiated complaints on customer privacy	0	0	N/A
No. of complaints addressed	0	0	N/A
No. of customers, users, and account holders whose information is used for secondary purposes	0	0	N/A

Data Security

Disclosure	2021	2020	2019
No. of data breaches, including leaks, thefts and losses of data	0	0	0

Impact and Management Approach

In 2021, 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

Digitally translated services, marketing, and other transactions require customers to share their personal information, thus putting the responsibility on Vistamall to strengthen their customer privacy measures to control any incident or leaks of customer information.

Potential risks to data security are the following but are not limited to data breaches, leaks, thefts, and losses of data.

Management Approach to Risks

When the COVID-19 pandemic hit the country, every industry started thinking of ways to operate while adopting the new normal. As per Vistamalls, one way was through contact tracing— through physical forms or an application via mobile phone.

As contact tracing forms started getting implemented, so is the worry from customers regarding their private data security. To eliminate worry, Vistamalls has authorized selected officers to collect, manage and store customer data. In addition to this, consent forms are being handled in accordance with the existing privacy laws and regulations.

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

Vistamalls plans to strengthen its protection for all customer information. Strengthening its data security infrastructure is an ongoing initiative of Vistamalls.

Management Approach to Opportunities

The Company ensured strict compliance with the government's protocols concerning contact tracing. All data submitted have signed consent forms and are managed following the existing privacy laws and regulations.

CONTRIBUTION TO THE UN SDGS

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

Societal Value / Contribution to UN SDGs	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.
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**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 Communicities initiative of integrated urban development.
Potential Negative Impact of Contribution	While Vistamalls' brings positive impacts to local communities where it operates, it also recognizes that there may be impacts that are deemed unfavorable by the community, particularly to the environment and society. These include: ● Increase of traffic and vehicular pollution in the area ● Increase in water and energy demand, impacting overall community demand ● High wastewater output, requiring better wastewater treatment capacity and technologies ● Decrease in air quality during operational hours ● Increase in ambient air temperature within the areas of operation ● Potential biodiversity impacts due to the development of buildings

Management Approach to Negative Impact	**Adherence to Regulatory Standards** Vistamalls fully complies with the environmental standards and regulations set by DENR, the LGUs, and other agencies, to mitigate the effects of pollution and climate-related impacts in its operations. **Investments in technology** Vistamalls is investing in improving its wastewater treatment facilities in its facilities, and is looking into renewable energy as a way to reduce mainstream power consumption. **Transport Terminal Development** Vistamalls continues to develop transport terminals within the vicinity of its malls to reduce the burden of traffic in the surrounding communities, and provide a means to get from one place to another in a safe and secure manner. **Collaboration with Communities** Frequent consultations and collaborations within the surrounding communities on their need is something that Vistamalls has been doing for years, and will continue to do so in the future.

PART VI – EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17 A

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Consolidated Financial Statements of the Company as of and for the year ended December 31, 2021.

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 2021 through official disclosure letters dated:

April 12, 2021
Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) Resignation of Mr. Joel L. Bodegon 04/06/2021

April 21, 2021
BOD Meeting Resolution 04/21/2021

May 03, 2021
BOD Meeting Resolution 04/21/2021

May 10, 2021
Potential Fixed-rate Dollar Notes Issuance of an Affiliate

May 11, 2021
New Fixed-rate Dollar Notes Issuance of an Affiliate

May 24, 2021
BOD Meeting Resolution 05/24/2021

May 25, 2021
Notes Issuance of an affiliate pursuant to the Medium Term Programme

June 28, 2021
Results of Annual Stockholders' Meeting
Results of Organizational Meeting of Board of Directors

August 13, 2021
BOD Meeting Resolution 08/13/2021

September 30, 2021
Cash Dividend Declaration

November 15, 2021
BOD Meeting Resolution 11/15/2021

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 MAY 0 4 2022.

By:

MANUEL PAOLO A. VILLAR
President

MA. NALEN ROSERO
Corporate Secretary and Chief Information Officer

BRIAN N. EDANG
Chief Financial Officer

ROWENA B. BANDIGAN
Chief Accountant

SUBSCRIBED AND SWORN to before me this MAY 0 4 2022 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

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

Doc. No. 399
Page No. 81
Book No. VI
Series of 2022.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 53511
IBP Lifetime Member No. 016533
PTR No. 4871166 / 05 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-0028060 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

VISTAMALL

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Vistamalls, Inc. and Subsidiaries (the "Group")** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached herein, for the years ended December 31, 2021, 2020, and 2019 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether to fraud or error.

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

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

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

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

Signed this MAY 0 4 2022 day of ______________ 2022.

MANUEL B. VILLAR, JR.
Chairman of the Board

MANUEL PAOLO A. VILLAR
President

BRIAN N. EDANG
Chief Financial Officer and Head Investor Relations

SUBSCRIBED AND SWORN, to before me this MAY 0 4 2022 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

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

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

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

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 53611
IBP Lifetime Member No. 012533
PTR No. 4871103 / 03 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-0026069 / Valid until 23 May 2019
Notarial Commission Appointment No. 0314-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

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

SEC Registration Number

C	S	0	0	0	0	3	9	5	8	7

C O M P A N Y   N A M E

VISTAMALLS, INC. AND SUBSIDIARIES

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

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

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

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

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
434	06/28	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Brian N. Edang	brian_edang@ vistaland.com.ph	3226-3552/ 8874-5758	0917-857-6513

CONTACT PERSON's ADDRESS

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

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

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

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Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Vistamalls, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

Provision for Expected Credit Losses

The Group applies simplified approach in calculating expected credit loss (ECL) of its receivable from tenants. Allowance for credit losses and the provision for credit losses as of and for the year ended December 31, 2021 amounted to ₱434.35 million and ₱308.66 million respectively. Key areas of judgment include segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the calculation; and incorporating forward-looking information (called overlays), including the impact of COVID-19 pandemic, in calculating the ECL. The determination of provision for credit losses for receivables from tenants, specifically, the exposure at default includes consideration of the security deposits and advance rent, and financial support and credit enhancements extended by any related party of the tenants.

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

Audit Response

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

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

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

May 4, 2022

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

(Forward)

	December 31	
	2021	2020
Equity (Note 16)		
Equity attributable to equity holders of the Parent Company:		
Capital stock	**₱8,449,481,156**	₱8,449,481,156
Additional paid-in capital	**6,389,314,354**	6,389,314,354
Retained earnings	**17,475,393,694**	13,204,169,450
Other comprehensive loss	**(2,619,111,110)**	(1,768,543,981)
	29,695,078,094	26,274,420,979
Non-controlling interest (Note 21)	**155,495,913**	156,294,916
Total Equity	**29,850,574,007**	26,430,715,895
	₱80,672,044,189	₱73,691,776,165

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

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

	Capital Stock (Note 16)						
	Preferred Stock	**Common Stock**	**Additional Paid-in Capital** (Note 16)	**Retained Earnings** (Note 16)	**Other Comprehensive Loss**	**Non-Controlling Interest** (Note 21)	**Total**
Balances as at January 1, 2021	**₱23,500,000**	**₱8,425,981,156**	**₱6,389,314,354**	**₱13,204,169,450**	**(1,768,543,981)**	**₱156,294,916**	**₱26,430,715,895**
Net income	–	–	–	**4,407,214,416**	–	**484,123**	**4,407,698,539**
Other comprehensive loss	–	–	–	–	**(850,567,129)**	**(1,283,126)**	**(851,850,255)**
Total comprehensive income (loss) for the year	–	–	–	**4,407,214,416**	**(850,567,129)**	**(799,003)**	**3,555,848,284**
Cash dividend declared	–	–	–	**(135,990,172)**	–	–	**(135,990,172)**
Balances as at December 31, 2021	**₱23,500,000**	**₱8,425,981,156**	**₱6,389,314,354**	**₱17,475,393,694**	**(2,619,111,110)**	**₱155,495,913**	**₱29,850,574,007**
Balances as at January 1, 2020	₱23,500,000	₱8,425,981,156	₱6,389,314,354	10,615,328,399	₱529,093,822	₱159,356,628	₱26,142,574,359
Net income	–	–	–	2,720,306,780	–	373,084	2,720,679,864
Other comprehensive income	–	–	–	–	(2,297,637,803)	(3,434,796)	(2,301,072,599)
Total comprehensive income for the year	–	–	–	2,720,306,780	(2,297,637,803)	(3,061,712)	419,607,265
Cash dividend declared	–	–	–	(131,465,729)	–	–	(131,465,729)
Balances as at December 31, 2020	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱13,204,169,450	(₱1,768,543,981)	₱156,294,916	₱26,430,715,895
Balances as at January 1, 2019	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱8,471,471,436	(₱1,188,937,019)	₱120,641,592	₱22,241,971,519
Net Income	–	–	–	2,626,326,397	–	10,107,051	2,636,433,448
Other comprehensive income	–	–	–	–	1,716,120,141	28,607,985	1,744,728,126
Total comprehensive income for the year	–	–	–	2,626,326,397	1,716,120,141	38,715,036	4,381,161,574
Transfer out of pension liability	–	–	–	(1,345,909)	1,910,700	–	564,791
Cash dividend declared	–	–	–	(481,123,525)	–	–	(481,123,525)
Balances as at December 31, 2019	₱23,500,000	₱8,425,981,156	₱6,389,314,354	₱10,615,328,399	₱529,093,822	₱159,356,628	₱26,142,574,359

VISTAMALLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

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

See accompanying Notes to Consolidated Financial Statements.

VISTAMALLS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

The Parent Company is 88.34% owned by Vista Land & Lifescapes, Inc. (VLLI) and the rest by the public. VLLI is a publicly-listed investment holding company which is 65.17% owned by Fine Properties, Inc. (the Ultimate Parent Company), and 34.83% owned by the public. The Parent Company's shares of stock are listed at the Philippine Stock Exchange (PSE).

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

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

2. Basis of Preparation

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

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

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

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021.

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

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

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

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

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

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

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

	Percentage of Ownership		
	2021	2020	2019
Manuela Corporation	**99.85%**	99.85%	99.85%
Masterpiece Asia Properties, Inc.	**100.00%**	100.00%	100.00%

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

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

As at December 31, 2021 and 2020, percentage of non-controlling interests pertaining to Manuela Corporation is 0.15%. The voting rights held by the non-controlling interest are in proportion of their ownership interest.

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

3. Changes in Accounting Policies

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

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

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

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

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

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

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

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

The Group shall also disclose information about:

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

The Group adopted the amendments beginning January 1, 2021.

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2023

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

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

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

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

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

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

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

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

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

Deferred effectivity

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

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

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

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

4. **Summary of Significant Accounting Policies**

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

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

All other assets are classified as noncurrent.

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

The Group classifies all other liabilities as noncurrent.

Deferred liabilities are classified as noncurrent liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets at amortized cost (debt instruments)
The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

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

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

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

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

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

As discussed above, starting January 1, 2021, the Group used simplified approach method in calculating its ECL for lease receivables from the previous general approach. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors (i.e. inflation, GDP growth rate) specific to the debtors and the economic environment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment Properties

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

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

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

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Construction-in-progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

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

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

	Years
Buildings and building improvements	10 to 40 years or lease term, whichever is shorter
Right-of-use assets	11 to 30 years

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

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

Impairment of Nonfinancial Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Other revenue</u>
Other revenue is recognized when earned.

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

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

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

Defined benefit costs comprise the following:

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

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

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

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

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

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

<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.

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

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

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

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

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

As of December 31, 2021, 2020 and 2019, the Group has no potential dilutive common shares (Note 21).

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

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

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

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

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

5. Significant Accounting Judgments and Estimates

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

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

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

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

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

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

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

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

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

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

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

Determination of the lease term
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. At commencement date, the Group determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Group has a lease contract for the land where investment properties are situated that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

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

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

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

Provision for expected credit losses of financial assets
Cash, short term cash investments and restricted cash:

The Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group uses external credit rating approach to calculate ECL for cash in banks, short-term cash investments and restricted cash. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. These information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Receivables:

For receivable from tenants and accrued rental receivables, the Group recognizes a loss allowance based on lifetime ECLs effective January 1, 2021 and applied retrospectively. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

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

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

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

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

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

Further details are provided in Note 9.

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

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

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

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

Further details are provided in Note 10.

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

Further details are provided in Note 10.

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

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

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

Further details are provided in Note 19.

6. Segment Information

The Group's shopping malls and commercial centers are all located in the Philippines and are treated as one operating segment. The real estate development of MC is very minimal to the overall operations and financial position of the Group as of December 31, 2021 and 2020. These were not treated as a separate segment by the chief operating decision maker for its review, evaluation and allocation of resources.

Rent income amounting ₱7,091.75 million or 80.26%, ₱5,506.18 million or 80.46%, and ₱4,015.66 million or 59.66% of the Group was generated from anchor tenants as defined in Note 20 for the years ended December 31, 2021, 2020 and 2019, respectively.

There is no cyclicality in the Group's operations.

7. Cash

This account consists of:

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

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

Interest earned from cash in banks for the years ended December 31, 2021, 2020 and 2019 amounted to ₱1.37 million, ₱3.37 million, and ₱5.91 million, respectively (see Note 18).

8. **Investments**

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

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

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

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

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

The movement of the accounts follow:

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

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

The movement of the accounts follow:

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

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

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

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

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

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

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

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

9. **Receivables**

This account consists of:

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

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

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

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

Provision for expected credit losses

The following is the rollforward analysis of impaired receivables:

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

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

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

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

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

	2021					
	Days past due					
	Current	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total**
Average expected credit loss rates	**2.40%**	**19.02%**	**14.02%**	**19.02%**	**18.07%**	
Amount of exposure at default net of advance rent and security deposits	**₱48,563,671**	**₱4,522,614**	**₱–**	**₱3,498,479**	**₱122,332,788**	**₱178,917,552**
Expected credit loss	**₱1,163,655**	**₱860,164**	**₱–**	**₱665,382**	**₱22,103,040**	**₱24,792,241**

	2020					
	Days past due					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Average expected credit loss rates	2.24%	5.77%	10.31%	12.32%	12.54%	
Amount of exposure at default net of advance rent and security deposits	₱19,265,546	₱–	₱–	₱–	₱–	₱19,265,546
Expected credit loss	₱431,234	₱–	₱–	₱–	₱–	₱431,234

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

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

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

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

10. **Investment Properties**

The rollforward analysis of this account follows:

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

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

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

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

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

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

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

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

The parcels of land are located in cities and municipalities like Mandaluyong, Las Piñas, Taguig, Naga, Bacoor, Imus, San Jose del Monte, Sta. Rosa, Muntinlupa and Kawit. The fair value measurement using unobservable data in active market is Level 3 of the fair value hierarchy. The estimated useful life of the investment properties other than land is 10 to 40 years.

Investment properties with carrying value of ₱4,547.55 million and ₱5,610.90 million are used to secure the bank loans of the Group as of December 31, 2021 and 2020, respectively (see Note 14). The fair value of the investment properties used as collateral amounted to ₱36,091.97 million and ₱52,956.21 million under income approach as of December 31, 2021 and 2020, respectively.

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

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

11. Other Assets

This account consists of:

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

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

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

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

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

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

12. Accounts and Other Payables

This account consists of:

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

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

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

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

Accrued expenses
Details of accrued expenses as follow:

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

Current portion of liabilities for purchased land
Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate payables. Liabilities for purchased land that are payable beyond one year from year end date are presented in 'Other noncurrent liabilities' (see Note 15).

Current portion of retention payable
Retention payable pertains to 10.00% retention from the contractors' progress billings which will be released after the completion of contractors' project. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects. Retention payables that are payable beyond one year from year end date are presented in 'Other noncurrent liabilities' (see Note 15).

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

13. Security Deposits and Advance Rent

This account consists of:

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

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

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

14. Bank Loans

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

The rollforward analysis of this account follows:

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

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

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

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

The Group has complied with the covenants required by the bank loans as at December 31, 2021 and 2020. The compliance of MAPI and MC to the covenants of their respective bank loans are based on their standalone financial statement balances.

As disclosed in Note 10, certain investment properties are used as collateral to bank loans.

15. Other Noncurrent Liabilities

This account consists of long-term portion of:

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

16. Equity

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

	2021	2020
Preferred		
Authorized shares	**10,000,000,000**	10,000,000,000
Par value per share	**₱0.01**	₱0.01
Issued and outstanding shares	**2,350,000,000**	2,350,000,000
Value of shares issued	**₱23,500,000**	₱23,500,000
Common		
Authorized shares	**16,900,000,000**	16,900,000,000
Par value per share	**₱1.00**	₱1.00
Issued and outstanding shares	**8,425,981,156**	8,425,981,156
Value of shares issued	**₱8,425,981,156**	₱8,425,981,156

Registration Track Record
On November 13, 1970, the SEC approved the listing of the Parent Company's common shares totaling 1,000,000,000 shares. The shares were initially issued at an offer price of ₱0.01 per share.

After listing in 1970, there had been subsequent issuances covering a total of 7,425,981,156 shares.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as at December 31, 2021:

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

Retained Earnings

In accordance with Revised Securities Regulation Code Rule 68, the Parent Company's retained earnings available for dividend declaration as at December 31, 2021, after reconciling items, amounted to ₱5,546.34 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱12,037.14 million, and ₱7,618.41 million in 2021, and 2020, respectively. These are not available for dividends until declared by the subsidiaries.

The BOD of the Parent Company approved the declaration of regular cash dividend amounting to ₱135.99 million or ₱0.0161 per share and ₱131.45 million or ₱0.0156 per share on September 30, 2021 and September 30, 2020, respectively. The dividend declarations are in favor of all stockholders of record as of October 15, 2021 and October 15, 2020, ₱14.01 million and ₱13.54 million of which were paid on October 28, 2021 and October 23, 2020, respectively. The remaining unpaid dividends are lodged under "Payable to VLLI" account.

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

Capital Management

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

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

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

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

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

As at December 31, 2021, 2020 and 2019, the Group had complied with all externally imposed capital requirements (see Note 14). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2021, 2020 and 2019.

The Group considers as capital the equity attributable to equity holders of the Parent Company.

The following table shows the component of the Group's equity which it manages as capital as at December 31, 2021, 2019 and 2018:

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

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

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

17. Other Operating Income

This account consists of:

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

Gain on derecognition of liabilities includes gain from termination of lease contract wherein the Group is the lessee (see Note 25).

18. Interest Income and Expense

Interest income consists of:

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

Interest expense and other financing charges consist of:

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

19. Income Tax

Provision for income tax consists of:

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

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

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

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

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

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

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

The related unrecognized deferred tax assets on these deductible temporary differences are coming from the Parent Company of the Group which is a holding company.

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. The subsidiaries recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

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

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

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

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

The Group did not incur NOLCO in taxable year 2020.

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

MCIT

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

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

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

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

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

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

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
  - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
  - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
  - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

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

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

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

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

20. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Entities under common control are those entities outside the Group but are related parties of Fine Properties, Inc. Related parties may be individuals or corporate entities.

The Parent Company and its subsidiaries have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirement under Revised Securities Regulation Code Rule 68 and SEC Memorandum Circular 10, series 2019.

The Parent Company has an approval requirement such that material related party transaction (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements. The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of trade transactions from mall leasing, advances, reimbursement of expenses and purchase and sale of real estate properties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The consolidated statements of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable (payable) with related parties as of December 31, 2021 and 2019:

December 31, 2021

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

December 31, 2020

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

(Forward)

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

The significant transactions with related parties follow:

a) The Group has operating lease agreements with entities under common control for the leases of commercial centers. The lease agreements are renewable and contain escalation clauses. Rental income and receivables including the effect of straight-line calculation from related parties amounted to ₱7,319.11 million and ₱15,910.86 million, respectively, as of December 31, 2021, ₱5,370.46 million and ₱9,302.60 million, respectively, as of December 31, 2020. These receivables from related parties which are recognized as ‘Accounts receivable from tenants’ and ‘Accrued rent receivable’ under ‘Receivables’ are not impaired (see Note 9).

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

   Rental income and receivables from All Value Group including the effect of future lease rate escalation amounted to ₱7,091.75 million and ₱14,943.95 million, respectively, as of December 31, 2021 and ₱1,573 million and ₱9,690.37 million, respectively, as of December 31, 2020. These receivables from All Value Group which are recognized as ‘Accounts receivable from tenants’ and ‘Accrued rent receivable’ under ‘Receivables’ are not impaired (see Note 9).

   Rental income and receivables from All Value Group without the effect of future escalation amounted to ₱3,134.63 million and ₱4,377.23 million, respectively, as of December 31, 2021 and ₱3,250.15 million and ₱1,418.91 million, respectively, as of December 31, 2020. These receivables from All Value Group are recognized as ‘Accounts receivable from tenants’ under ‘Receivables’ (see Note 9). These receivables are due and demandable.

   Outstanding rent receivables without the effect of future escalation amounting to ₱1,079.46 million and ₱1,239.52 million are guaranteed by Fine Properties, Inc. as of December 31, 2021 and 2020, respectively. The guaranteed amount in 2021 excludes those rent receivables pertaining to AllHome Corp.

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

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Group based on its scheme waived its right to collect rent and other charges as part of various lease concessions it granted to its related party lessees such as lease payment holidays or lease payment reductions. The rent concession granted by the Group to its related party tenants for the years ended December 31, 2021 and 2020 amounted to ₱11.70 million and ₱975.17 million, respectively.

In May and November 2019, the Group amended certain lease contracts with All Value Group. The amendments of the lease contracts are as follow:

a. Extension of the lease term by 10-15 years commencing from the lease modification date; and
b. From annual fixed rent to variable rent based on agreed percentage on gross sales or agreed minimum guaranteed rent (MGR) with annual escalation, whichever is higher

The Ultimate Parent Company also has lease agreements with the Group for the lease of its office spaces. The rental due is based on prevailing market conditions.

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

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

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

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

e) The Group entered into lease agreements pertaining to parcels of land wherein the Group's commercial centers are situated with Fine Properties, Inc. and other related parties under common control of VLLI. These leases have terms ranging from 20 to 25 years, with rental escalation clauses and renewal options.

f) Details of dividends declared to stockholders are discussed in Note 16.

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

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

A. Dollar Denominated Bonds

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

As of December 31, 2021, outstanding balance of the note amounted to US$168.42 million (₱8,887.39 million).

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

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

b. US$200.00 million Notes (Due July 2027)
On July 20, 2020, VLL International, Inc. (VII), a wholly-owned subsidiary of VLLI, issued US$ 200.00 million notes ("Notes") which are due on July 10, 2027 for refinance existing debt and for general corporate purposes.

As of December 31, 2021 and 2020, outstanding balance of the note amounted to US$197.99 million (₱10,097.07 million) and US$198.07 million (₱9,511.86 million), respectively.

c. US$350.00 million Notes (Due November 2024)
On November 28, 2017, VII issued US$350.00 million notes ("Notes") which are due on November 28, 2024 for general working capital purposes, refinancing and other general corporate purposes of the subsidiaries under VLLI.

As of December 31, 2021, and 2020, outstanding balance of the note amounted to US$345.42 million (₱17,616.19 million) and US$343.81million (₱16,510.73 million), respectively.

d. US$425.00 million Notes (Due June 2022)
On June 18, 2015, VII issued US$300.00 million bonds which are due on June 22, 2022 for general working capital purposes, refinancing and other general corporate purposes of the subsidiaries under VLLI. As of December 31, 2021, and 2020, outstanding balance of note amounted to US$243.94 million (₱12,440.81 million) and US$240.47 million (₱11,547.94 million), respectively.

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

B. Corporate Note Facility

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

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

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

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

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

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

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

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

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

C. Peso-denominated Loan

a. ₱2,500.00 million Loan
In May 2021, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱2,500.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 16 equal quarterly installments commencing on the fifth interest payment date. As of December 31, 2021, the outstanding balance of the peso denominated loan is ₱2,488.96 million.

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

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

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

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

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

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

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

21. Earnings Per Share and Noncontrolling Interest

The following table presents information necessary to compute the EPS:

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

The basic and dilutive earnings per share are the same due to the absence of potentially dilutive common shares for the years ended December 31, 2021, 2020 and 2019.

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

Manuela Corporation

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

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

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

22. **Contingencies**

The Group is contingently liable with respect to lease contracts and other transactions arising in the ordinary course of business.

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

23. **Fair Value Determination**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash, short-term cash investments, restricted cash, accounts receivable from tenants, other receivables, receivables from related parties, accounts and other payables (except for deferred output VAT and other statutory payables) and payable to VLLI: Due to the short-term nature of the accounts, the fair values approximate the carrying amounts in the consolidated statements of financial position except for the carrying value of the noncurrent portion of restricted cash which represents its fair value as it carries interest rate that are prevailing market rates for similar type of instrument.

Investments at FVTPL and FVOCI
Fair values of equity securities are based on quoted market prices.

Bank loans
Estimated fair values are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranges from 3.13% to 6.25% in 2021 and 3.29% to 4.36% in 2020 using the remaining terms to maturity.

Liabilities for purchased land and retention payable
Estimated fair value are based on the discounted value of future cash flows using the prevailing interest rates for similar types of instruments as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 2.56% to 5.31% in 2021 and 5.41% in 2020 using the remaining terms to maturity.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities recognized as at December 31, 2021 and 2020:

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

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

In 2021 and 2020, there were no transfers between Levels of fair value measurements.

Significant increases (decreases) in discount rate would result in significantly higher (lower) fair value of the bank loans, liabilities for purchased land and retention payable.

Description of significant unobservable inputs to valuation:

Account	**Valuation Technique**	**Significant Unobservable Inputs**
Bank loans	Discounted cash flow analysis	Discount rate
Liabilities for purchased land	Discounted cash flow analysis	Discount rate
Retention payable	Discounted cash flow analysis	Discount rate

24. **Financial Assets and Liabilities**

Financial Risk Management Objectives and Policies

Financial risk
The Group's principal financial liabilities comprise of accounts and other payables (except for deferred output VAT and other statutory payables), payable to VLLI, liabilities for purchased land, lease liabilities, retention payable and bank loans. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as cash, short-term cash investments, receivables (except for advances to contractors), receivables from related parties, restricted cash, investment at FVTPL and investment at FVOCI which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, credit risk and liquidity risk.

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

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

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

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

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

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

**Excluding cash on hand*

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

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

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

With respect to credit risk arising from the other financial assets of the Group, which are comprised of cash in banks, short-term cash investments, receivables from tenants, accrued rent receivable, receivables from related parties, restricted cash, investment at FVTPL and investment at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years.

The Group evaluates the concentration of risk with respect to receivables from third party tenants as low, as its customers are located in several jurisdictions and various income brackets and operate in largely independent markets.

The Group evaluates the concentration of risk with respect to receivable from related parties (refer to Note 20). The related parties have a strong capacity to meet their contractual cash flows and/or guaranteed by Fine Properties, Inc., the ultimate parent company.

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

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

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

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

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

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

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

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

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

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

The Company's basis in grading its receivables are as follow:

High-grade - pertain to receivables from related parties which based on experience are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. High-grade receivables from tenants and accrued rent receivable are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the security on receivables are readily enforceable).

Standard - pertain to active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard - pertain to receivables that can be collected provided the Group makes persistent effort to collect them.

The Group's investments at fair value through profit or loss and through other comprehensive income are considered by the Group to be of high quality.

Cash in banks, short-term cash investments and restricted cash are deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single group, resource-wide, of financial institutions in the country the Group is operating. They offer the widest variety of banking services among financial institutions. These financial assets are classified as high grade due to the counterparties' low probability of insolvency.

As of December 31, 2021 and 2020, the aging analyses of the Company's receivables are as follow:

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

	2020						
		Past due but not impaired					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Accrued rent receivable	₱6,783,889,238	₱–	₱–	₱–	₱–	₱–	₱6,783,889,238
Receivables from tenants	11,018,724	136,995,086	–	150,746,602	3,088,078,903	124,869,673	3,511,708,988
Installment contracts receivables	–	–	–	–	56,522,963	–	56,522,963
Receivables from related parties	–	–	–	–	2,779,557,596	–	2,779,557,596

Current receivables include billed lease receivables and accrued rent receivables which are not yet contractually collectible. Past due but not impaired include lease receivables which are aged 31 to over 90 days but collection is still probable. Impaired receivables are lease receivables from terminated tenants which are less likely to be collected.

The Group has collaterals in the form of security deposits and advance rent with respect to billed lease receivables that have been identified as past due but not impaired.

Applying the expected credit risk model resulted to recognition of impairment loss of ₱308.66 million in 2021 and ₱82.16 million in 2020.

Liquidity Risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2021 and 2020.

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

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

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

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

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

25. Leases

The Group as a Lessor

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

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

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

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

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

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19 pandemic, the Group came up with its own waiver scheme that applies to different classifications of lessees based on their respective financial position and performance before and during the community quarantine, their status as an essential vis-à-vis non-essential service, and their growth projections. The Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Granting of concessions were extended up to December 31, 2021 and beyond depending on the tenant's profile and credit. The rent concessions granted by the Group for the year ended December 31, 2021 and 2020 amounted to ₱185.28 million and ₱1,478.44 million, respectively.

The Group as a Lessee
The Group, as lessee, has lease contracts for parcels of land where its commercial centers are situated with the lease term of 2 - 25 years. Rental due is based on prevailing market conditions. Generally, the Group is not restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

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

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

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

The rollforward analysis of lease liabilities follows:

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

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

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

The Group has no lease contract that contains variable payments. The Group’s fixed payments amounted to ₱393.14 million and ₱330.80 million in 2021 and 2020, respectively.

The Group's lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5).

Shown below is the maturity analysis of the undiscounted lease payments:

	December 31, 2021	December 31, 2020
Within 1 year	**422,685,316**	₱412,813,930
More than 1 year to 2 years	**462,046,517**	425,764,525
More than 2 years to 3 years	**486,579,414**	441,693,861
More than 3 years to 4 years	**521,740,113**	461,402,459
More than 4 years to 5 years	**554,523,335**	469,047,115
More than 5 years	**12,737,961,197**	8,410,154,664
	₱15,185,535,892	₱10,620,876,554

26. Notes to Consolidated Statements of Cash Flows

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

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

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

The Group's noncash investing and financing activities pertain to the following:

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

27. **Other Matters and Subsequent Events**

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

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

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

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

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

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

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

Execution of Property-for-Share Swap Agreement and Deed of Assignment of Leases between the Sponsors and VOI
On February 7, 2022, VOI entered into various Deeds of Assignment and Subscription Agreements with each of MC, MAPI, VRI, CAPI and Communities Pampanga, collectively referred as the Sponsors, for the assignment, transfer, and conveyance by the Sponsors to VOI of 10 community malls, one office building, and 10 commercial and office units with 214 parking slots, excluding the land wherein the malls, office building, and office units are situated, with an aggregate gross lease area of 256,403.95 sqm (collectively, the Assigned Properties) in exchange for the issuance by VOI to the Sponsors out of the increase in authorized capital stock described hereinabove of an aggregate of 6,990,000,000 common shares at an issue price of ₱1.50 per share, or an aggregate issue or subscription price of ₱10,485,000,000 (the Property-for-Share Swap). The difference between the issue price and the par value of ₱3,495,000,000 is accounted for as additional paid-in capital (APIC).

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

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

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

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

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

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

28. Approval of the Financial Statements

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

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
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INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Vistamalls, Inc. and its subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated May 4, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules, are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements, and in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

May 4, 2022

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Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Vistamalls, Inc. and its subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated May 4, 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

May 4, 2022

VISTAMALLS, INC.

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

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

VISTAMALLS, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2021

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash (excluding cash on hand)	N/A	₱234,220,267	₱234,220,267	₱1,370,036
Short-term cash investments	N/A	7,322,080	7,322,080	343,619
Accounts receivables from tenants and accrued rent receivable	N/A	16,830,037,962	16,830,037,962	277,658
Installment contracts receivables	N/A	51,970,903	51,970,903	–
Receivable from related parties	N/A	2,779,557,596	2,779,557,596	–
Investments in mutual funds	N/A	26,871,612	26,871,612	–
Investments in quoted equity shares (VLL)	N/A	2,655,294,999	2,655,294,999	–
Restricted cash	N/A	280,715,024	280,715,024	2,238,375
Total financial assets		₱22,865,990,443	₱22,865,990,442	₱4,229,688

See Note 7, 8, 9 and 11 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2021

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts liquidated	Amounts written off	Current	Not current	Balance at end of period
Receivable from employees	₱51,679,320	₱128,917,561	(₱139,513,381)	₱–	₱41,083,500	₱–	₱41,083,500

See Note 9 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2021

Name and Designation of Debtor/Creditor	Balance at Beginning of Period	Additions	Amounts Liquidated	Amounts Converted to APIC/Capital Stock	Current	Noncurrent	Balance at end of period
Vistamalls, Inc.	₱34,474,588,288	₱3,300,681,890	(₱1,921,570,307)	₱–	₱35,853,699,871	₱–	₱35,853,699,871
Manuela Corporation	7,049,277,945	938,641,908	(844,195,952)	–	7,143,723,901	–	7,143,723,901
Masterpiece Asia Properties, Inc.	(41,523,866,233)	(2,721,184,919)	1,247,627,380	–	(42,997,423,772)	–	(42,997,423,772)

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2021

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

See Note 14 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2021

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

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2021

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee
VLL International, Inc.	Dollar-denominated bonds	₱11,507,766,076	₱11,507,766,076	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	10,097,074,254	10,097,074,254	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	17,616,194,260	17,616,194,260	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	18,814,360,399	18,814,360,399	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	10,264,443,853	10,264,443,853	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	5,830,127,531	5,830,127,531	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	8,956,315,535	8,956,315,535	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc	Bank loans	2,488,958,333	2,488,958,333	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	3,410,303,073	3,410,303,073	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,578,947,368	1,578,947,368	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	944,050,173	944,050,173	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,000,000,000	1,000,000,000	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	996,047,132	996,047,132	Guaranteed principal payments of the securities
		₱93,504,587,987	₱93,504,587,987	

See Note 20 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

DECEMBER 31, 2021

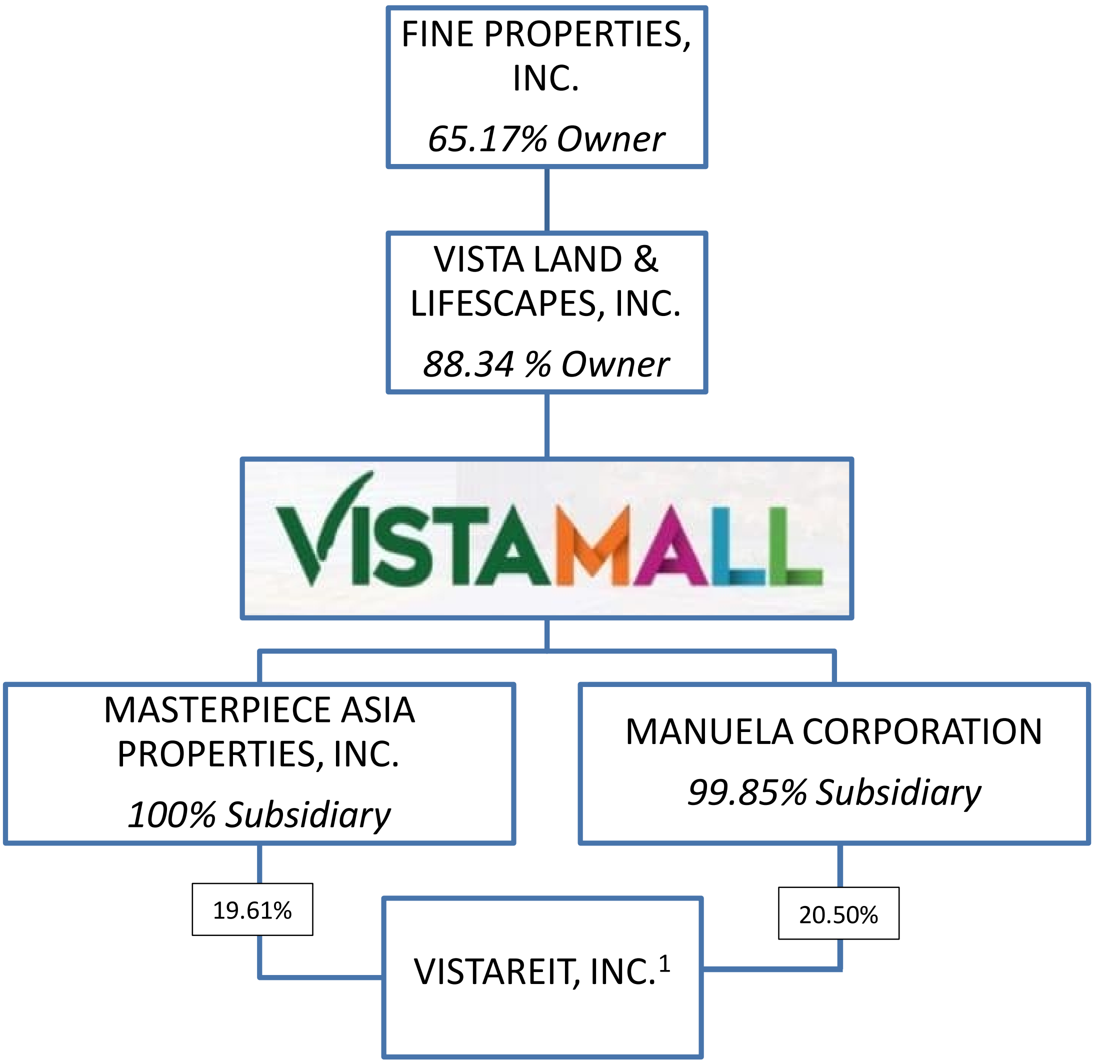
Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱1 par value	16,900,000,000	8,425,981,156 shares issued; and outstanding	–	7,558,070,596	6,100	867,904,460
Preferred Stock, ₱0.01 par value	10,000,000,000	2,350,000,000 shares issued and outstanding	–	2,350,000,000	–	–

See Note 16 of the Consolidated Financial Statements

VISTAMALLS, INC. AND SUBSIDIARIES

GROUP STRUCTURE

Below is the map showing the relationship between and among the Group and its Parent Company, and its subsidiaries as of December 31, 2021.



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

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

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

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

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

[1]Includes Cash, Short-term investments, Investment at FVTPL, Current receivables, Receivable from related parties and Other current asset
[2]Includes current and noncurrent portion of Bank loans

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

Rose Domingo

From:	eafs@bir.gov.ph
Sent:	Thursday, 19 May 2022 7:50 PM
To:	Rose Domingo
Cc:	Weng Bandigan
Subject:	Your BIR AFS eSubmission uploads were received

Hi VISTAMALLS, INC.,

Valid files

- EAFS000806396OTHTY122021.pdf
- EAFS000806396TCRTY122021-01.pdf
- EAFS000806396ITRTY122021.pdf
- EAFS000806396AFSTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-A88LA9C60PZRYVTZNM2XTSY3X02YNWTVQ1**
Submission Date/Time: **May 19, 2022 07:50 PM**
Company TIN: **000-806-396**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

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)
434	06/28	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Brian N. Edang	brian_edang@ vistaland.com.ph	3226-3552/ 8874-5758	0917-857-6513

CONTACT PERSON's ADDRESS

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

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

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

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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 Statement

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

May 4, 2022

VISTAMALLS, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash in banks (Notes 6 and 12)	**₱2,244,599**	₱2,651,786
Receivable from related parties (Notes 10 and 12)	**2,779,557,596**	2,779,557,596
Other current assets	**43,610,916**	40,248,027
Total Current Assets	**2,825,413,111**	2,822,457,409
Noncurrent Assets		
Receivable from subsidiary (Notes 10 and 12)	**42,963,693,521**	41,511,880,758
Investment in subsidiaries (Note 7)	**7,080,895,752**	7,080,895,752
Other noncurrent assets	**5,972,040**	5,103,004
Total Noncurrent Assets	**50,050,561,313**	48,597,879,514
	₱52,875,974,424	₱51,420,336,923
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 8 and 12)	**₱38,573,438**	₱39,283,599
Payable to intermediate parent company and entities under common control (Notes 10 and 12)	**30,752,074,441**	29,360,729,380
Payable to subsidiary (Notes 10 and 12)	**7,109,993,650**	7,037,292,470
Total Current Liabilities	**37,900,641,529**	36,437,305,449
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	**5,549,792,970**	5,557,491,549
Total Equity	**14,975,332,895**	14,983,031,474
	₱52,875,974,424	₱51,420,336,923

See accompanying Notes to Parent Company Financial Statements.

VISTAMALLS, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2021	2020
REVENUE		
Dividend income (Note 10)	**₱123,937,503**	₱3,221,674,365
Management income (Note 10)	**8,035,714**	8,035,714
	131,973,217	3,229,710,079
EXPENSES		
Taxes, licenses and other fees	**4,380,994**	2,183,752
Professional fees	**1,900,663**	3,125,658
Security services	**958,783**	1,135,949
Light and power	**581,000**	84,000
Advertising	**232,080**	387,500
Depreciation	**15,016**	6,420
Representation	**–**	260,616
Miscellaneous	**139,885**	158,141
	8,208,421	7,342,036
OTHER INCOME (EXPENSE)		
Mark-to-market gain (loss)	**4,607,460**	(7,404,958)
Interest income (Note 6)	**2,590**	82,501
Finance cost	**(2,377)**	(2,900)
	4,607,673	(7,325,357)
INCOME BEFORE INCOME TAX	**128,372,469**	3,215,042,686
PROVISION FOR INCOME TAX (Note 9)	**80,875**	177,214
NET INCOME	**128,291,594**	3,214,865,472
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE INCOME	**₱128,291,594**	₱3,214,865,472

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**	**Other**	
	Common Stock	**Preferred Stock**	**Capital** (Note 11)	**Earnings** (Note 11)	**Comprehensive Income**	**Total**
Balances as at January 1, 2021	**₱8,425,981,156**	**₱23,500,000**	**₱976,058,769**	**₱5,557,491,549**	**₱–**	**₱14,983,031,474**
Net income	–	–	–	**128,291,594**	–	**128,291,594**
Cash dividend declared	–	–	–	**(135,990,173)**	–	**(135,990,173)**
Balances as at December 31, 2021	**₱8,425,981,156**	**₱23,500,000**	**₱976,058,769**	**₱5,549,792,970**	**₱–**	**₱14,975,332,895**
Balances as at January 1, 2020	₱8,425,981,156	₱23,500,000	₱976,058,769	₱2,474,071,383	₱–	₱11,899,611,308
Net income	–	–	–	3,214,865,472	–	3,214,865,472
Cash dividend declared	–	–	–	(131,445,306)	–	(131,445,306)
Balances as at December 31, 2020	₱8,425,981,156	₱23,500,000	₱976,058,769	₱5,557,491,549	₱–	₱14,983,031,474

See accompanying Notes to Parent Company Financial Statements.

VISTAMALLS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱128,372,469**	₱3,215,042,686
Adjustments for:		
Depreciation	**15,016**	6,420
Finance cost	**2,377**	2,900
Interest income (Note 6)	**(2,590)**	(82,501)
Mark-to-market (gain) loss	**(4,607,460)**	7,404,958
Dividend income (Note 10)	**(123,937,503)**	(3,221,674,365)
Operating (loss) income before working capital changes	**(157,691)**	700,098
Increase (decrease) in other current assets	**1,164,214**	(3,010,393)
(Decrease) increase in accounts and other payables	**(710,161)**	29,064,294
Net cash flows generated from operations	**296,362**	26,753,999
Interest received	**2,590**	82,501
Income taxes paid	**(518)**	(177,214)
Finance cost paid	**(2,377)**	(2,900)
Net cash flows provided by operating activities	**296,057**	26,656,386
CASH FLOWS FROM INVESTING ACTIVITY		
Increase in receivables from related parties (Note 13)	**(1,330,613,372)**	(1,857,084,048)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in payables to related parties	**1,343,917,672**	1,731,215,654
Dividends paid (Note 11)	**(14,007,544)**	(13,539,405)
Net cash flows provided by financing activities	**1,329,910,128**	1,717,676,249
NET DECREASE IN CASH	**(407,187)**	(112,751,413)
CASH AT BEGINNING OF YEAR	**2,651,786**	115,403,199
CASH AT END OF YEAR (Note 6)	**₱2,244,599**	₱2,651,786

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 65.17% and 65.00% owned by Fine Properties, Inc., (Ultimate Parent Company), as of December 31, 2021 and 2020, respectively, 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.

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

Statement of Compliance
The 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**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. Unless otherwise indicated, adoption of these new standards did not have an impact on the parent company financial statements.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

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

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

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

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

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

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

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

  The Parent Company shall also disclose information about:

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

  The Parent Company adopted the amendments beginning January 1, 2021.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Parent Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

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

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

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Parent Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

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

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

Effective beginning on or after January 1, 2023

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

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

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

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

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

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

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

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

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

Deferred effectivity

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

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

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

The Parent Company is currently assessing the impact of adopting these amendments.

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 ultimate parent company and receivable from subsidiaries.

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, 2021 and 2020, 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.

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

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.

<u>Offsetting Financial Instruments</u>
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.

<u>Other Current Assets</u>
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.

<u>Value-Added Taxes (VAT)</u>
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.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred.

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 and Expense 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.

Interest income
Interest income is recognized as it accrues using the effective interest method.

Management income
Management income is recognized when the Parent Company's right to receive payment is established.

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 2021 and 2020, no ECL were recognized based on the assessment made.

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, Vista 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).

Recognition of deferred tax assets

The Parent Company 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 Parent Company will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized.

Temporary differences, NOLCO and MCIT for which no deferred tax assets were recognized as of December 31, 2021 and 2020 are disclosed in Note 9 of the parent company financial statements.

6. Cash in banks

Cash in banks amounted to ₱2.24 million and ₱2.65 million as of December 31, 2021 and 2020, respectively.

Cash in banks earn interest at the prevailing bank deposit rates ranging from 0.10% to 0.15% in 2021 and 2020.

Interest earned from cash in banks amounted to ₱0.003 million and ₱0.08 million in 2021 and 2020, respectively.

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	**2021**	2020	**2021**	2020
MC	Leasing	**99.85%**	99.85%	**₱2,553,499,111**	₱4,527,396,641
MAPI	Leasing	**100.00%**	100.00%	**4,527,396,641**	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, 2021 and 2020, MAPI declared dividends amounting to ₱123.94 million and ₱3,221.67 million, respectively (see Note 10) (nil for MC in both years).

8. Accounts and Other Payables

This account consists of:

	2021	2020
Accounts payable to:		
Supplier	**₱30,584,067**	₱31,149,179
Private company	**5,931,046**	5,931,046
Other payables	**2,058,325**	2,203,374
	₱38,573,438	₱39,283,599

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 2020. The reclassification is due to the transfer of key officer to the private company. This is payable upon demand of the private company.

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:

	2021	2020
Current:		
MCIT	**₱80,357**	₱160,714
Final	**518**	16,500
	₱80,875	₱177,214

The Parent Company has net operating loss carryover (NOLCO) and minimum corporate income tax (MCIT) that are available for offset against future taxable income and income tax payable, respectively, for which no deferred tax assets have been recognized as follows:

	2021	2020
NOLCO	**₱–**	₱5,025,498
MCIT	**421,575**	437,219

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

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

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

<u>MCIT</u>

Year Incurred	Amount	Expired	Balance	Expiry Year
2018	₱96,000	₱96,000	₱–	2021
2019	180,504	–	180,504	2022
2020	160,714	–	160,714	2023
2021	80,357	–	80,357	2024
	₱517,575	₱96,000	₱421,575	

The Parent Company did not incur NOLCO in taxable years 2021 and 2020.

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

	2021	2020
Income tax at statutory income tax rate	**₱32,093,117**	₱964,512,805
Tax effects of:		
Expired NOLCO	**755,098**	2,180,650
Non-deductible expense	**545,049**	2,317,099
Expired MCIT	**96,000**	96,000
Changes in tax rate arising from CREATE Act	**40,179**	–
Interest income already subjected to final tax	**(130)**	(8,250)
Non-taxable income	**(1,151,865)**	–
Changes in unrecognized deferred tax assets	**(1,312,197)**	(2,418,780)
Dividend income exempt from income tax	**(30,984,376)**	(966,502,310)
Effective income tax	**₱80,875**	₱177,214

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 Company's total consolidated assets based on its latest audited financial statements. The 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, 2021 and 2020:

December 31, 2021

	Nature of Transaction	Volume	Amount Receivable (Payable)	Terms	Conditions
Receivables from related parties					
Ultimate Parent Company	a) Sale of VLLI shares	(₱1,960,071,562)	₱–	Due and demandable; noninterest-bearing	Unsecured; no impairment
	b) Advances	(817,631,974)	–	Due and demandable; noninterest-bearing	Unsecured; no impairment
	e) Dividends	(1,854,060)	–		
Entity under common control	b) Advances	2,779,557,596	2,779,557,596	Due and demandable; noninterest-bearing	Unsecured; no impairment
Subsidiary	b) Advances	1,327,875,260	39,618,081,653	Due and demandable; noninterest-bearing	Unsecured; no impairment
	c) Management income	8,035,714	–		
	d) Dividend income	123,937,503	3,345,611,868	Noninterest-bearing; No stated date of repayment	Unsecured; no impairment
			₱45,743,251,117		

(Forward)

	Nature of Transaction	**Volume**	**Amount Receivable (Payable)**	**Terms**	**Conditions**
Payables to related parties					
Intermediate Parent Company and entities under common control	**b) Advances**	**(₱1,271,509,659)**	**(₱30,752,074,441)**	**Noninterest-bearing; Due and demandable**	**Unsecured**
	e) Dividends	**(120,128,569)**	**–**	**–**	**–**
Subsidiary	**b) Advances**	**(72,701,180)**	**(7,109,993,650)**	**Noninterest-bearing; Due and demandable**	**Unsecured**
			(₱37,862,068,091)		

December 31, 2020

	Nature of Transaction	Volume	Amount Receivable (Payable)	Terms	Conditions
Receivables from related parties					
Ultimate Parent Company	a) Sale of VLLI shares	₱–	₱1,960,071,562	Noninterest-bearing; Due and demandable	Unsecured; No impairment
	b) Advances	(69,509,990)	819,486,034	Noninterest-bearing; Due and demandable	Unsecured; No impairment
	e) Dividends	(1,792,096)	–		
Subsidiary	b) Advances	1,926,584,038	38,290,206,393	Noninterest-bearing; No stated date of Repayment	Unsecured; No impairment
	c) Management fee	8,035,714	–	–	–
	d) Dividend income	3,221,674,365	3,221,674,365	Noninterest-bearing; No stated date of repayment	Unsecured; No impairment
			₱44,291,438,354		
Payables to related parties					
Intermediate Parent Company and entities under common control	b) Advances	(₱1,391,055,679)	(₱29,360,729,380)	Noninterest-bearing; Due and demandable	Unsecured
	e) Dividends	(116,113,805)	–	–	–
Subsidiary	b) Advances	(340,159,975)	(7,037,292,470)	Noninterest-bearing; Due and demandable	Unsecured
			(₱36,398,021,850)		

Outstanding balances at year-end are unsecured, interest free and unless otherwise specified, are settled in cash. As at December 31, 2021 and 2020, 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) In May 2013, the Company 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 as at December 31, 2021 and 2020 amounted to ₱1,960.07 million. These are noninterest bearing receivables that are 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. These intercompany transactions between VLLI subsidiaries were eliminated at consolidated level of VLLI.

b) 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 ₱1.85 million was applied against receivable from ultimate parent company.

c) The Parent Company charges its subsidiaries fixed management fees for services rendered with an aggregate amount of ₱8.04 million for years ended December 31, 2021 and 2020.

d) As of December 31, 2021, and 2020, the dividends declared by MAPI for the year 2021 and 2020 amounting to ₱123.94 million and ₱3,221.67 million, respectively remains unpaid. These are presented under "Receivables from related parties" in the statements of financial position.

e) 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.

A. Dollar Denominated Bonds

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

As of December 31, 2021, outstanding balance of the note amounted to US$168.42 million (₱8,887.39 million).

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

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

b. US$200.00 million Notes (Due July 2027)
On July 20, 2020, VLL International, Inc. (VII), a wholly-owned subsidiary of VLLI, issued US$ 200.00 million notes ("Notes") which are due on July 10, 2027 for refinance existing debt and for general corporate purposes.

As of December 31, 2021 and 2020, outstanding balance of the note amounted to US$197.99 million (₱10,097.07 million) and US$198.07 million (₱9,511.86 million), respectively.

c. US$350.00 million Notes (Due November 2024)
On November 28, 2017, VII issued US$350.00 million notes ("Notes") which are due on November 28, 2024 for general working capital purposes, refinancing and other general corporate purposes of the subsidiaries under VLLI.

As of December 31, 2021, and 2020, outstanding balance of the note amounted to US$345.42 million (₱17,616.19 million) and US$343.81million (₱16,510.73 million), respectively.

d. US$425.00 million Notes (Due June 2022)
On June 18, 2015, VII issued US$300.00 million bonds which are due on June 22, 2022 for general working capital purposes, refinancing and other general corporate purposes of the subsidiaries under VLLI. As of December 31, 2021, and 2020, outstanding balance of note amounted to US$243.94 million (₱12,440.81 million) and US$240.47 million (₱11,547.94 million), respectively.

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

B. Corporate Note Facility

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

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

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

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

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

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

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

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

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

C. Peso-denominated Loan

a. ₱2,500.00 million Loan
In May 2021, the Parent Company obtained a 5-year unsecured peso denominated loan amounting to ₱2,500.00 million which bears annual fixed interest of 4.75%, payable quarterly. The principal balance of the loan will be paid in 16 equal quarterly installments commencing on the fifth interest payment date. As of December 31, 2021, the outstanding balance of the peso denominated loan is ₱2,488.96 million.

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

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

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

e. ₱2,000.00 million Loan
On November 16, 2018, VLLI obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million. As of December 31, 2021 and 2020, the outstanding balance of the peso denominated loan is ₱1,000.00 million and ₱1,500.00 million, respectively.

f. ₱2,000.00 million Loan
On October 3, 2018, VLLI obtained a 5-year unsecured peso denominated loan from a local bank amounting to ₱2,000.00 million. As of December 31, 2021 and 2020, the outstanding balance of the peso denominated loan is ₱996.05 million and ₱1,490.80 million.

Key Management Personnel Compensation
The 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, 2021 and 2020 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, 2021:

	Number of Shares Registered	Number of holders of securities as of year end
December 31, 2019	8,425,981,156	436
Add/(Deduct) Movement	–	–
December 31, 2020	8,425,981,156	436
Add/(Deduct) Movement	–	(2)
December 31, 2021	**8,425,981,156**	**434**

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, 2021, after reconciling items, amounted to ₱5,546.34 million.

The BOD of the Parent Company approved the declaration of regular cash dividend amounting to ₱135.99 million or ₱0.0161 per share and ₱131.45 million or ₱0.0156 per share on September 30, 2021 and September 30, 2020, respectively. The dividend declarations are in favor of all stockholders of record as of October 15, 2021 and October 15, 2020, ₱14.01 million and ₱13.54 million of which were paid on October 28, 2021 and October 23, 2020, respectively. The remaining unpaid 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, 2021 and 2020, 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, 2021 and 2020.

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 subsidiaries: 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, 2021 and 2020 pertains only to investment at FVTPL under Level 1 amounting to ₱26.87 million and ₱22.26 million, respectively.

There were no transfers between level categories as at December 31, 2021 and 2020.

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 ₱2.24 million and ₱2.65 million as of December 31, 2021 and 2020, respectively, which earn interest at the prevailing bank deposit rates ranging from 0.10% to 0.15% in both years. Financial liabilities of the Parent Company are non-interest bearing for the years 2021 and 2020.

Credit risk
The credit risks are primarily attributable to cash in banks, receivables from related parties 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, 2021 and 2020.

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 2021 and 2020.

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 payables 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, 2021 and 2020, respectively:

2021

	On demand	1 to 3 months	3 to 12 months	More than 1 year	Total
Financial Liabilities					
Accounts payable and other payables* (Note 8)	**₱2,058,325**	**₱36,508,871**	**₱–**	**₱–**	**₱38,567,196**
Payable to related parties (Note 10)	**37,862,068,091**	**–**	**–**	**–**	**37,862,068,091**
	₱37,864,126,416	**₱36,508,871**	**₱–**	**₱–**	**₱37,900,635,287**

**Excluding statutory payables amounting to ₱6,242.*

2020

	On demand	1 to 3 months	3 to 12 months	More than 1 year	Total
Financial Liabilities					
Accounts payable and other payables* (Note 8)	₱2,017,334	₱37,080,225	₱–	₱–	₱39,097,559
Payable to related parties (Note 10)	36,398,021,850	–	–	–	36,398,021,850
	₱36,400,039,184	₱37,080,225	₱–	₱–	₱36,437,119,409

**Excluding statutory payables amounting to ₱186,040*

13. **Notes to Parent Company Statement of Cash Flows**

Details of the movement in cash flows from financing activities follow:

			Non-cash Change			
	January 1, 2021	**Cash Flows**	**Dividends declared**	**Receivable from ultimate parent company**	**Payable to parent company**	**December 31, 2021**
Payable to related parties (Note 10)	**₱36,398,021,850**	**₱1,343,917,672**	**₱–**	**₱–**	**₱120,128,569**	**₱37,862,068,091**
Dividends payable (Note 8)	**275,118**	**(14,007,544)**	**135,990,173**	**(1,854,060)**	**(120,128,569)**	**275,118**
Total liabilities from financing activities	**₱36,398,296,968**	**₱1,329,910,128**	**₱135,990,173**	**(₱1,854,060)**	**₱–**	**₱37,862,343,209**

			Non-cash Change			
	January 1, 2020	Cash Flows	Dividends declared	Receivable from ultimate parent company	Payable to parent company	December 31, 2020
Payable to related parties (Note 10)	₱34,550,692,391	₱1,731,215,654	₱–	₱–	₱116,113,805	₱36,398,021,850
Dividends payable (Note 8)	275,118	(13,539,405)	131,445,306	(1,792,096)	(116,113,805)	275,118
Total liabilities from financing activities	₱34,550,967,509	₱1,717,676,249	₱131,445,306	(₱1,792,096)	₱–	₱36,398,296,968

The Parent Company's noncash operating, investing and financing activities pertain to the following:

a) Recognition of mark-to-market gain and mark-to-market loss amounting to ₱4.61 million and ₱7.40 million in 2021 and 2020, 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 ₱1.85 million and ₱1.79 million, respectively.
c) Dividends declared to VLLI amounting to ₱120.13 million and ₱116.11 million in 2021 and 2020, 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 ₱123.94 and ₱3,221.67 million in 2021 and 2020, 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. **Other Matters and Subsequent Event**

Impact of the recent Coronavirus situation

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Parent Company's business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that they impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

The Parent Company is continuously evaluating potential impact of the pandemic to its financial assets including the assumptions in the calculation of the expected credit losses and existence of any impairment indicators to its nonfinancial assets.

The Parent Company is closely monitoring the situation and the changes in target market's behavior, as a result of the "new normal".

Vista REIT Formation Transactions

In contemplation of the Proposed Initial Public Offering of a REIT by Vista One, Inc. (VOI), a subsidiary owned by the Intermediate Parent Company at 98.94% as of December 31, 2021, and in compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, VOI entered into and implemented the REIT Formation Transactions as follows:

Amendment of the Articles of Incorporation and By-Laws of VOI

On February 7, 2022, at least a majority of the Board of Directors (BOD) and the stockholders owning at least two- thirds (2/3) of the outstanding capital stock of VOI approved to increase its authorized capital stock to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share.

The increase in VOI's authorized capital stock from ₱2,000,000,0000 divided into 2,000,000,000 shares with par value of ₱1.00 per share to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share was approved by the SEC on March 14, 2022.

On March 16, 2022, the BOD approved various amendments to the Articles of Incorporation and By-Laws of VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of VOI as a REIT entity. Such amendments were approved by the SEC on April 18, 2022.

Execution of Property-for-Share Swap Agreement and Deed of Assignment of Leases between the Sponsors and VOI
On February 7, 2022, VOI entered into various Deeds of Assignment and Subscription Agreements with each of MC, MAPI, VRI, CAPI and Communities Pampanga, collectively referred as the Sponsors, for the assignment, transfer, and conveyance by the Sponsors to VOI of 10 community malls, one office building, and 10 commercial and office units with 214 parking slots, excluding the land wherein the malls, office building, and office units are situated, with an aggregate gross lease area of 256,403.95 sqm (collectively, the Assigned Properties) in exchange for the issuance by VOI to the Sponsors out of the increase in authorized capital stock described hereinabove of an aggregate of 6,990,000,000 common shares at an issue price of ₱1.50 per share, or an aggregate issue or subscription price of ₱10,485,000,000 (the Property-for-Share Swap). The difference between the issue price and the par value of ₱3,495,000,000 is accounted for as additional paid-in capital (APIC).

Accordingly, the Assigned Properties have a total fair value of ₱35,952,992,730. The difference between the said fair value of the Assigned Properties and the issue price thereof to VOI (i.e., the issue price of the shares issued to the Sponsors in the Property for Share Swap) amounting to ₱25,467,992,730 is accounted for as APIC.

The above transactions resulted to a total APIC of ₱28,962,992,730.

The Assigned Properties consists of Vista Mall Las Piñas (Main), Starmall Las Piñas (Annex), Starmall San Jose Del Monte (SJDM), Vista Mall Pampanga, SOMO - A Vista Mall, Vista Mall Antipolo, Vista Mall General Trias, Vista Mall Tanza, Starmall Talisay - Cebu, Vista Mall Imus, Vista Hub Molino and commercial and office units and parking lots in Vista Hub BGC.

On March 14, 2022, the SEC issued the confirmation of the valuation of the Property-for-Share Swap. The requisite Certificate Authorizing Registrations authorizing the transfer of legal title to the Assigned Properties from the Sponsors to VOI were issued by the BIR on April 25-29 and May 2, 2022.

On March 16, 2022, pursuant to the Deeds of Assignment and Subscription Agreements for the transfer, assignment and conveyance in favor of VOI of all of the Sponsors' rights, title and interests in the Assigned Properties in exchange for VOI's common shares, VOI and the Sponsors entered into a Deed of Assignment of Leases assigning all of the Sponsors' rights and interests in and to the Contracts of Lease over portions of the Assigned Properties leased out to various entities (the "Leases") effective upon the issuance of VOI's common shares in the name of the Sponsors.

<u>Loss from Fire</u>
On January 8, 2022, Starmall Alabang, a profit center of MC, a subsidiary of the Parent Company, was hit by a fire and caused a damage estimated to be ₱820.73 million, which is equivalent to the carrying amount of the destroyed properties. Mall operations has stopped following the fire incident. Accordingly, MC has filed insurance claim to recover the losses.

15. **Approval of the Financial Statements**

The financial statements of the Parent Company for the year ended December 31, 2021 were authorized for issue by the BOD on May 4, 2022.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
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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, 2021, on which we have rendered the attached report dated May 4, 2022.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Parent Company has 417 stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia
Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

May 4, 2022

SyCip Gorres Velayo & Co.
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1226 Makati City
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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 year ended December 31, 2021 and 2020 and have issued our report thereon dated May 4, 2022. 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, the financial information required to be set forth therein in relation to the basic parent company financial statements taken as a whole are prepared in all material respects, in accordance with the Philippine Financial Reporting Standards (PFRSs).

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
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BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

May 4, 2022

VISTAMALLS, INC.
INDEX TO PARENT COMPANY FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

PARENT COMPANY FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

VISTAMALLS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

AS OF DECEMBER 31, 2021

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱5,557,491,549
Add: Net income actually earned/realized during the period	
Net income during the period closed to retained earnings	128,291,594
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/joint venture	–
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	–
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	(4,607,460)
Fair value adjustment of Investment Property resulting to gain	–
Adjustment due to deviation from PFRS/GAAP-gain	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	–
Adjustment due to deviation from PFRS/GAAP-loss	–
Loss on fair value adjustment of investment property (after tax)	–
Net income actually earned during the period	
Add (Less):	
Dividend declarations during the period	(135,990,173)
Appropriations of retained earnings during the period	–
Reversals of appropriations	–
Effects of prior period adjustments	–
Treasury shares	–
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	**₱5,545,185,510**

VISTAMALLS, INC.

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2021

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash in banks	N/A	₱2,244,599	₱2,244,599	₱2,590
Receivables from ultimate parent	N/A	2,779,557,596	2,779,557,596	–
Receivables from subsidiaries	N/A	42,963,693,521	42,963,693,521	–
Investment in FVTPL	N/A	26,871,612	26,871,612	4,607,460
Total financial assets		₱45,772,367,328	₱45,772,367,328	₱4,610,050

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, 2021

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts liquidated	Amounts written off	Current	Not current	Balance at end of period
Receivable from employees	₱2,630,826	₱793,272	₱2,638,098	₱–	₱786,000	₱–	₱786,000
	₱2,630,826	₱793,272	₱2,638,098	₱–	₱786,000	₱–	₱786,000

VISTAMALLS, INC.

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2021

Name and Designation of Debtor	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, 2021

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rates	Amount	Number of periodic installments	Maturity date

NOT APPLICABLE

VISTAMALLS, INC.

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2021

Name of related party	Balance at beginning of period	Balance at end of period
Payable to related parties	₱37,862,068,091	₱30,752,074,441
	₱37,862,068,091	₱30,752,074,441

See Note 10 of the Parent Company Financial Statements

VISTAMALLS, INC.

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2021

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee
VLL International, Inc.	Dollar-denominated bonds	₱11,507,766,076	₱11,507,766,076	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	10,097,074,254	10,097,074,254	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	17,616,194,260	17,616,194,260	Guaranteed principal payments of the securities
VLL International, Inc.	Dollar-denominated bonds	18,814,360,399	18,814,360,399	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	10,264,443,853	10,264,443,853	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	5,830,127,531	5,830,127,531	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Corporate notes facility	8,956,315,535	8,956,315,535	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc	Bank loans	2,488,958,333	2,488,958,333	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	3,410,303,073	3,410,303,073	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,578,947,368	1,578,947,368	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	944,050,173	944,050,173	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	1,000,000,000	1,000,000,000	Guaranteed principal payments of the securities
Vista Land and Lifescapes, Inc.	Bank loans	996,047,132	996,047,132	Guaranteed principal payments of the securities
		₱93,504,587,987	₱93,504,587,987	

See Note 10 of the Parent Company Financial Statements

VISTAMALLS, INC.

SCHEDULE G: CAPITAL STOCK

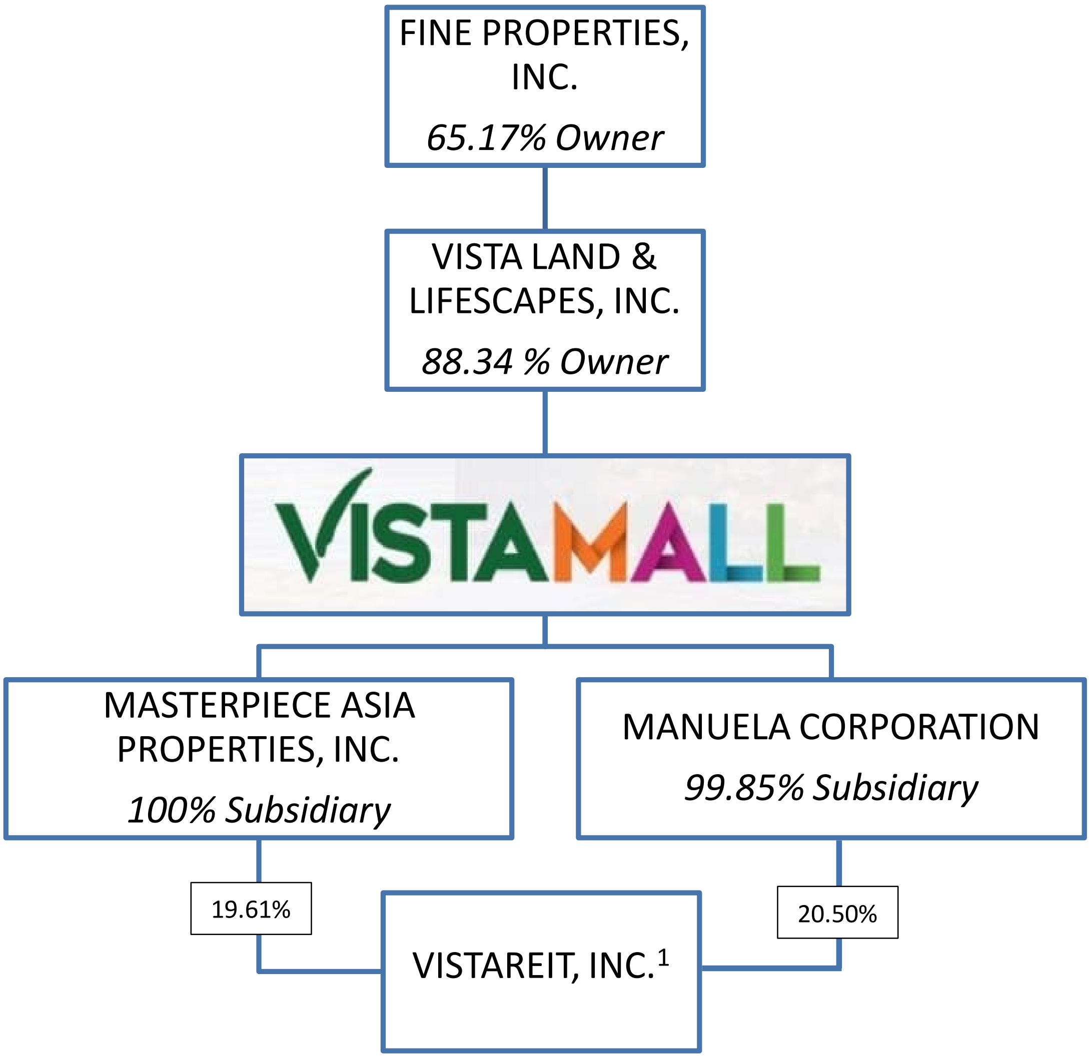
DECEMBER 31, 2021

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, ₱1 par value	16,900,000,000	8,425,981,156 shares issued;and outstanding	–	7,558,070,596	6,100	867,904,460
Preferred Stock, ₱0.01 par value	10,000,000,000	2,350,000,000 shares issued and outstanding	–	2,350,000,000	–	–

See Note 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, 2021.



[1] *Communities Pampanga, Inc., Crown Asia Properties, Inc. and Vista Residences, Inc., wholly-owned subsidiaries of the Parent Company, own 19.61% each. Remaining 1.06% are owned by individual shareholders.*

SGV
Building a better
working world

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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, 2021, and have issued our report thereon dated May 4, 2022. 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, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

May 4, 2022

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

VISTAMALLS, INC.
AS OF DECEMBER 31, 2021 AND 2020

Ratios	Formula	December 31, 2021	December 31, 2020
Current ratio	Current assets / Current liabilities	**0.07**	0.08
Solvency ratio	Net income + Depreciation / Total liabilities	**0.003**	0.09
Asset to equity ratio	Total assets / Total equity	**3.53**	3.43
Return on equity	Net income / Total equity	**0.01**	0.21
Return on assets	Net income / Average total assets	**0.002**	0.07
Net profit margin	Net income / Net revenue[2]	**15.97**	400. 07

Figures used in the computation	December 31, 2021	December 31, 2020
Current assets	**₱2,825,413,111**	₱2,822,457,409
Current liabilities	**37,900,641,529**	36,437,305,449
Quick asset[1]	**29,116,211**	24,915,938
Net income + Depreciation	**128,306,610**	3,214,871,892
Total assets	**52,875,974,424**	51,420,336,923
Total liabilities	**37,900,641,529**	36,437,305,449
Total equity	**14,975,332,895**	14,983,031,474
Net income	**128,291,594**	3,214,865,472
Average total assets	**52,148,155,674**	48,940,429,964

[1]*Includes Cash and investment at FVTPL amounting to ₱26,871,612 and ₱22,264,152 as at December 31, 2021 and 2020, respectively*
[2]*Management income*