



November 10, 2015

**PHILIPPINE STOCK EXCHANGE**

3<sup>rd</sup> Floor, Tower One and Exchange Plaza  
Ayala Triangle, Ayala Ave., Makati City  
Attention: Ms. Janet A. Encarnacion  
Head, Disclosures Department

**PHILIPPINE DEALING AND EXCHANGE CORPORATION**

37<sup>th</sup> Floor, Tower 1, The Enterprise Center  
6766 Ayala Ave. cor Paseo de Roxas, Makati City  
Attention: Ms. Vina Vanessa S. Salonga  
Head, Issuer Compliance and Disclosure Department

Subject: Vista Land & Lifescapes, Inc.: **Board Meeting Resolution**

Gentlemen:

Please see attached copy of the SEC Form 17C filed on various board resolutions made during the Company's Board of Directors meeting held today. Board resolutions were made on the following matters:

- (A) Unaudited Financial Statements for the nine months ended 30 September 2015
- (B) Acquisition of Starmalls, Inc.
- (C) Issuance of shares by the Company

Attached hereto are a detailed announcement on the acquisition of Starmalls, Inc. and issuance of shares by the Company and a press release thereon.

Very truly yours,

A handwritten signature in black ink, appearing to read 'B. Edang', is written over the typed name.

Brian N. Edang  
Officer-in-Charge

# COVER SHEET

C	S	2	0	0	7	0	3	1	4	5
S.E.C. Registration Number										

V	I	S	T	A		L	A	N	D	&		L	I	F	E	S	C	A	P	E	S	,	
I	N	C	.																				

(Company's Full Name)

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

<b>Brian N. Edang</b>
Contact Person

<b>226-3552 ext. 0088</b>
Company Telephone Number

1	2	3	1
<i>Month</i>		<i>Day</i>	
Calendar Year			

<b>17-C</b>
FORM TYPE

0	6	1	5
<i>Month</i>		<i>Day</i>	
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

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To be accomplished by SEC Personnel concerned

File Number									

Document I.D.									

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **November 10, 2015**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **CS200703145**
3. BIR Tax Identification Number **006-652-678-000**
4. **VISTA LAND & LIFESCAPES, INC.**  
Exact name of issuer as specified in its charter
5. **Philippines**  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City**  
Address of principal office **1747**  
Postal Code
8. **(632) 874-5758 / (632) 872-6947 / (632) 226-3552**  
Issuer's telephone number, including area code
9. **N/A**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Shares</b> <i>(net of 145,487,600 treasury shares as of 09 Nov 2015)</i>	<b>8,393,253,014 Shares</b>
<b>VLL Homebuilder Bonds</b>	<b>Up to P2,500,000,000.00</b>
<b>Vista Land Retail Bonds</b>	<b>Up to P5,000,000,000.00</b>

11. Indicate the item numbers reported herein:

**Item No. 9 – Other Events**

**Board Meeting Resolutions**

The Board of Directors at a meeting held today approved the following:

1. Unaudited Financial Statements for the nine months ended 30 September 2015
2. Acquisition of Starmalls, Inc.
3. Issuance of shares by the Company

Attached hereto are a detailed announcement on the acquisition of Starmalls, Inc. and issuance of shares by the Company and a press release thereon.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

**VISTA LAND & LIFESCAPES, INC.**  
Issuer

By:



**CYNTHIA J. JAVAREZ**  
CFO/Controller

Date: 10 November 2015

**THIS ANNOUNCEMENT IS NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES.**

**STARMALLS, INC. TO BECOME SUBSIDIARY  
OF VISTA LAND & LIFESCAPES, INC.**

On November 10, 2015, Vista Land & Lifescapes, Inc. (“Vista Land,” “VLL” or the “Company”) signed an agreement to: (1) acquire approximately 88.25% of the outstanding common capital stock of Starmalls, Inc. (“Starmalls” or “STR”) from 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”) (such acquisition, the “Starmalls Acquisition”); and (2) issue a total of 4,573,276,535 new VLL shares to the Fine Group.

The agreed purchase price for the STR shares is ₱4.51 per share, which represents a significant 44.87% discount to Starmalls’ last traded price of ₱8.18 per share as of November 9, 2015. The Fine Group will subscribe to new VLL shares at ₱7.15 per share, representing a 25.88% premium to Vista Land’s last traded price of ₱5.68 per share as of November 9, 2015.

Vista Land and Starmalls are both principally owned by the family of Mr. Manuel B. Villar, Jr. Details of the acquisition process are provided in Annex 1.

Starmalls is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines and is an early mover in this market segment, focusing on locating in densely populated areas underserved by similar retail malls and within close proximity to transport hubs and key infrastructure. It also develops and operates business process outsourcing (“BPO”) commercial centers. As of September 30, 2015, Starmalls, through its subsidiaries, owned and operated 10 retail malls in key cities and municipalities in the Philippines and two BPO commercial centers in Metro Manila, with a combined gross floor area (“GFA”) of 509,385 square meters. Furthermore, as of September 30, 2015, Starmalls, through its subsidiaries, had four retail malls and one BPO commercial center under construction, with plans to grow to over 1.0 million square meters in GFA via enhancements to existing assets and to over 1.3 million square meters in total GFA including new developments by the end of 2018. Further details on Starmalls’ operating assets are provided below. Starmalls is listed on the Philippine Stock Exchange and traded under the symbol “STR.”

**TRANSACTION RATIONALE**

The Company believes that the acquisition of Starmalls will transform the Company into a fully integrated property developer with continued leadership in horizontal residential projects combined with a sizeable and growing mass market retail mall and BPO platform and the ability to replicate the integrated *Communiticity* model across the Philippines. In addition, the Company believes that the enhanced scale and stability provided by the acquisition and extensive synergies between the two businesses will strongly benefit the Company and its shareholders going forward.

The following are the key strategic reasons for the Starmalls Acquisition.

**A. Fully transforms the Company into an integrated property developer – the integrated *Communiticity* model**

The Company is the Philippines’ largest homebuilder in the horizontal residential market, with a presence in 92 cities and municipalities in 35 provinces around the country, having built approximately 300,000 homes as of September 30, 2015 since operations commenced in 1977. The acquisition of Starmalls will result in the Company integrating Starmalls’ portfolio of mass market retail malls and BPO facilities and acquiring Starmalls’ early mover advantage in the mass market retail mall segment, which the Company believes enjoys a rapidly growing demand from the national population but is currently underserved by other retail mall operators. Starmalls’ mass market retail

malls enjoy high footfall as well as a strong average occupancy rate of 89% as of September 30, 2015 and are strategically located in areas in close proximity to transport hubs and other key infrastructure in growth markets such as Las Pinas City, Mandaluyong City, Muntinlupa City and the provinces of Bulacan and Cavite. For example, Starmalls' flagship mall in Muntinlupa City, Starmall Alabang, enjoys an average daily footfall of approximately 75,000 and occupancy rate of 85% as of September 30, 2015, and is directly connected to the Philippine National Railway ("PNR") Alabang station, a major railway terminal in the South of Metro Manila. Furthermore, the same mall houses major bus terminals which serve as nodes for people transiting between Metro Manila and the southern provinces.

In addition, Vista Land and Starmalls target the same Filipino mass market consumer base, including overseas Filipinos ("OFs") and OF-dependent customers, and have complementary expertise and product offerings, which the Company believes is crucial for integrated developments. In 2014, OFs accounted for approximately 60% of Vista Land's residential sales. Moreover, Camella Homes and Communities Philippines, the Company's low cost and affordable housing segments, accounted for 28% and 47%, respectively, of the Company's revenue for the same period, or approximately 75% collectively. These market segments are similar to the market served by Starmalls. Specifically, Starmalls caters to the B, Upper C, Broad C and D<sup>1</sup> markets, which constitute the Philippine mass market, and attracts quality tenants which cater to the same market.

The acquisition of Starmalls will accelerate the Company's transition to a fully integrated property developer model with expertise across residential, retail, BPO and other real estate classes and a clear focus on integrated *Community* developments across the Philippines.

The Company believes that its new integrated developer model enhances its ability to leverage on the diverse strengths of its various business segments to extract value across the real estate value chain, from the development of residential projects to the development and incubation of mass market retail malls and BPO facilities and to the development of integrated *Communities* which stretch across several asset classes, such as utilities and township infrastructure, hospitality, schools, and hospitals. After the Starmalls Acquisition, supported by recurring income from its mass market retail malls and other commercial assets, the Company believes that an integrated model will enable it to further diversify its revenue streams while contributing to further upside through integrated *Community* developments. As an example, Vista Land's Vista City development is an integrated urban development that combines lifestyle retail, prime office space, university town, healthcare, themed residential developments, and leisure components. Vista City, the most expansive integrated urban development in the southern part of Metro Manila, has over 45,000 households as of September 30, 2015 and covers a total area of approximately 1,500 hectares strategically located where the cities of Muntinlupa and Las Pinas, and the provinces of Cavite and Laguna meet. Vista City's 15 kilometer radius catchment area has more than 1 million households, or a population of approximately 4.7 million. Vista City has over 700 hectares still to be developed into new residential areas under Vista Land's Brittany, Crown Asia and Camella brands, together with mall and retail developments, including the existing Evia Lifestyle Center and other real estate classes.

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<sup>1</sup> Socio-economic bands based on (i) home durability, (ii) home maintenance and quality, (iii) neighborhood; (iv) education; and (v) monthly income, as defined by the Philippines Survey and Research Centre: **B** - Permanent homes built with high-quality materials, located in exclusive neighborhoods and households with exclusive college education (including the University of the Philippines) and monthly income between ₱50,000 and ₱99,000; **Upper C** - Generally permanent homes built with good-quality materials, located in mixed neighborhoods with predominantly larger houses and households with state college education (excluding the University of the Philippines) and monthly income between ₱30,000 and ₱50,000; **Broad C** - Semi-permanent homes built with mix of heavy and light materials, located in mixed neighborhoods and households with technical/vocational education and monthly income between ₱15,000 and ₱30,000; **D** - Semi-permanent homes built with light and cheap materials, located in neighborhoods with houses of similar size and households with some high school education and monthly income between ₱8,000 and ₱15,000.

The Company intends Vista City to serve as a template for its future *Community* integrated developments across the Philippines. As of September 30, 2015, the Company has identified about 100 areas covering over 600 hectares from its existing projects around the country, including the provinces of Davao, Iloilo, Cavite and Bulacan, and the cities of Cabanatuan in Northern Luzon and Cagayan de Oro in Mindanao, that are suitable for commercial development.

**B. Benefits the Company and its shareholders by creating extensive synergies and enhancing scale, strengthening Vista Land's position as a top 4 integrated property developer**

The Company believes that upon its acquisition of Starmalls, with the latter's mass market retail mall and BPO platform, there will be substantial synergies between the two businesses. The enhanced scale and stability achieved by the acquisition will also benefit the Company and its shareholders.

Synergies

The Company believes that the combination of its residential platform and Starmalls' mass market retail mall and BPO platform has the potential to create strong synergies as the Company transitions to a new, integrated developer model, particularly given that future mass market retail mall and BPO assets can be located within Vista Land *Communities*:

- *Lower land costs and accelerated growth for mass market retail mall and BPO projects.* The Company can substantially reduce Starmalls' land costs by locating future Starmalls developments within Vista Land *Communities*. Such developments will also benefit from existing infrastructure at Vista Land *Communities*. The Company's extensive land bank and established nationwide platform will also allow the Company to accelerate the expansion of its retail mall and BPO portfolio as compared to pre-acquisition.
- *Enhanced revenue opportunities.* The Company believes that shifting to an integrated developer model, where residential developments are complemented by mass market retail malls, BPO facilities as well as other commercial assets, will enhance its revenue streams. For example, the Company believes that there will be stronger demand from homebuyers, who will be willing to pay a premium for homes located in *Communities* with convenient access to mass market retail malls for their everyday shopping needs or BPO facilities where they can work, resulting in higher residential selling prices and sales velocity. Likewise, the Company also believes that there will be stronger demand from tenants in retail malls located within *Communities* due to stronger and more consistent footfall from the resident population, resulting in higher rental rates and occupancy rates. In addition, the Company believes that BPO operators will be willing to pay higher rental rates, since locating in a *Community* provides them greater access to potential employees as well as higher employee productivity.
- *Funding synergies.* The Company also believes that its access to additional funding sources stemming from the shift towards integrated *Communities* will provide greater flexibility in funding future developments. For example, proceeds from pre-sales of residential units in a particular integrated *Community* can be directed to fund the construction of mass market retail malls or BPO facilities in the same *Community*, thus lowering overall borrowing requirements as well as reducing interest expense and refinancing risk to the Company. In addition, following the integration of the Starmalls platform, the Company's enhanced scale and recurring cash flow profile is expected to improve its credit profile and associated leverage metrics, allowing for a lower cost of capital going forward.

### Enhanced scale

In addition, the enhanced scale of the Company after the acquisition of Starmalls will also benefit the Company and its shareholders. For example, the Company believes that its larger pro forma balance sheet and integrated *Communiticity* capabilities will enable it to embark on larger projects than before, thus resulting in economies of scale and greater bargaining power with land owners and suppliers. The Company also believes that this greater scale will result in greater brand equity for Vista Land projects around the country. The Company believes that the Starmalls Acquisition will strengthen its market leading position as a top 4 integrated property developer in terms of total assets. Finally, while the Company will initially focus on mass market retail malls and BPO facilities in its integrated *Communitities*, it also believes that the development of further capabilities outside of its traditional residential platform can lead to the addition of new forms of utilities and township infrastructure to its integrated *Communitities*, such as hotels, educational institutions and healthcare facilities, among others.

### **C. Strong growth, recurring income contribution and enhanced profitability from the acquisition of the Starmalls mass market retail mall and BPO platform**

The Company believes that the acquisition of Starmalls, with its focus on mass market retail malls and BPO facilities as well as its strong growth outlook, will benefit the Company and its shareholders. The addition of the Starmalls platform to the Company's overall portfolio, given its focus on rental income, will further diversify the Company's revenue streams and enhance the Company's financial stability with an increased recurring rental revenue contribution; for example, the recurring revenue contribution for the Company after the Starmalls Acquisition on a pro forma basis for the 9 months ending September 30, 2015 was 7.62%, versus 0.74% for the same period for Vista Land on a standalone basis; the recurring revenue contribution is expected to increase further going forward given the strong growth outlook for the mass market retail and BPO platform. In addition, the Company will enjoy higher margins after the Starmalls Acquisition on a pro forma basis due to the profitability of the Starmalls platform; EBITDA margin<sup>2</sup> for the Company after the Starmalls Acquisition on a pro forma basis for the 9 months ending September 30, 2015 was 37.91%, versus 34.52% for the same period for Vista Land on a standalone basis.

Moreover, the recurring revenue contribution and enhanced profitability from mass market retail malls and BPO facilities are expected to rise in the future given the strong growth outlook for the Starmalls platform, with the Company expecting to grow GFA for the Starmalls platform from 509,385 square meters as of September 30, 2015 to over 1.0 million square meters in GFA via enhancements to existing assets and to over 1.3 million square meters in GFA including new developments by the end of 2018. Adding Starmalls' GFA to existing assets is expected to provide higher returns and profitability versus greenfield projects given the benefit from the Company's existing assets' infrastructure and customer base.

In addition, there is substantial scope for greater growth from greenfield mass market retail malls and BPO facilities in Vista Land *Communitities* with little or no need for further land acquisition given the breadth of Vista Land's existing land bank.

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<sup>2</sup> "EBITDA" refers to consolidated net income before interest and other financing charges, provision for income taxes, and depreciation and amortisation, and excluding loss on settlement of loans, foreign exchange losses — net and loss on writedown of available-for-sale financial assets. EBITDA is not a measure of performance under PFRS, and should not be considered in isolation or as alternatives to net income as an indicator of operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies. "EBITDA margin" is calculated as EBITDA divided by total revenue plus interest income from investments.



Starmalls' portfolio also enjoys high average occupancy rates of 89% as of September 30, 2015 with a host of repeat anchor and specialty tenants such as Puregold, Shopwise, Robinson's Retail and All Home. Favorable rental terms including 8% per annum step ups in most leases, a variable rent component that provides for greater upside as retail spending rises further, and long lease terms for anchor tenants who collectively accounted for approximately 36% of the Company's total gross leasable area ("GLA") as of September 30, 2015.

#### **D. Provides a larger balance sheet and greater financing flexibility**

The Company believes that the acquisition of Starmalls will further strengthen the Company's balance sheet, providing it with further debt headroom as well as financing flexibility. The Company believes that its stronger balance sheet, boosted by a larger asset and equity base, will allow it to move quickly to acquire additional land bank and other real estate assets. As at September 30, 2015, the combined entity had pro forma consolidated total assets of ₱158.9 billion and consolidated equity of ₱76.7 billion, versus ₱123.3 billion and ₱56.2 billion on a standalone basis, respectively. The combined entity's pro forma fixed charge coverage ratio<sup>3</sup> for the most recent four quarterly periods was 3.02x versus 2.73x on a standalone basis, providing additional debt headroom and financing flexibility for future capital expenditure and expansion plans. The Company expects its credit profile and associated cost of funding to further improve on the back of a stronger combined balance sheet, a more stable cash flow profile supported by the steady recurring income of the Starmalls platform and lower third party funding requirements due to the use of residential pre-sales to partially fund the construction of commercial assets within the integrated *Communities*. The Company will consider raising additional capital to help fund the growth of the combined business, including both debt and equity, as appropriate.

#### **E. Adds Starmalls' attractive commercial land bank to complement the Company's existing nationwide land bank of 2,459.5 hectares**

The Company owns an extensive land bank, most of which is located in areas in close proximity to major roads and primary infrastructure. As of September 30, 2015, the Company owned approximately 2,133.6 hectares of raw land ready for development, with an additional 325.9 hectares available for development under joint venture agreements. Significantly, the Company's land bank is distributed nationally. The acquisition of Starmalls immediately adds an additional 46.9 hectares of commercial land bank well suited to the development of mass market retail malls and BPO facilities given their location in attractive areas with sizeable local catchments and proximity to infrastructure.

### **OVERVIEW OF STARMALLS ASSETS**

Founded in 1972, Starmalls' portfolio consists of 10 retail malls and two BPO commercial centers with a combined GFA of 509,385 square meters and GLA of 308,057 square meters as of September 30, 2015, with four retail malls and one BPO commercial center under construction. As an early mover in this underserved mass market segment, the Company believes that Starmalls has been able to benefit from a lack of direct competition for many of its mass market retail malls given that other retail mall developers have predominantly focused on income segments above the mass market. For example, Starmalls established Starmall EDSA Shaw in Mandaluyong City in 1988 before any other retail mall developer had entered the area. Since then, Mandaluyong City has seen the entry of several other retail mall operators, however their focus has remained on consumers in the upper income brackets.

Starmalls' mass market retail malls enjoy high footfall as well as a strong average occupancy rate of 89% as of September 30, 2015 as they are targeting the mass market and are strategically located in

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<sup>3</sup> Fixed charge coverage ratio is calculated as EBITDA divided by consolidated fixed charges, which includes total interest expense and capitalized interest.

areas in close proximity to transport hubs and key infrastructure in growth markets such as Las Pinas City, Mandaluyong City, Muntinlupa City and the provinces of Bulacan and Cavite. For example, the Company's flagship mall in Muntinlupa City, Starmall Alabang, is directly connected to the PNR Alabang station, a major railway terminal in the South of Metro Manila. In addition, the same mall houses major bus terminals which serve as nodes for people transiting between Metro Manila and the southern provinces.

The following table provides details of Starmalls' retail malls and BPO commercial centers as of September 30, 2015:

No.	Name	Operation Date	Location	Catchment Area	GFA (sq.m.)	Occupancy (%)	Mall Positioning
1.	Starmall Las Pinas 1	1979	Zapote, Las Pinas City	Las Pinas, Paranaque, Bacoor, Cavite	7,014	98	Community Mall
2.	Starmall Las Pinas 2	1982	Zapote, Las Pinas City	Las Pinas, Paranaque, Bacoor, Cavite	20,570	85	Community Mall
3.	Starmall EDSA Shaw	1988	Wack Wack, Mandaluyong City	Mandaluyong, Pasig, Makati, Pateros, San Juan, Taguig	69,972	90	Regional/ Transit Mall
4.	Starmall Alabang	1997	Alabang, Muntinlupa City	Muntinlupa, Las Pinas, Paranaque, Bacoor, Cavite	159,620	85	Regional/ Transit Mall
5.	Starmall San Jose del Monte	2012	San Jose Del Monte, Bulacan	San Jose del Monte City, Meycauayan, Marilao Bulacan, Caloocan	37,871	95	Community Mall
6.	Starmall Prima Taguig 1	2014	Tuktukan, Taguig City	Makati, Pasig, Cainta, Pateros	11,769	96	Regional Mall
7.	Starmall Talisay	2014	Talisay, Cebu City	Talisay, Cebu City	10,963	95	Community Mall
8.	Starmall Prima Sta. Rosa 1	2014	Sta. Rosa, Laguna	Sta Rosa, Calamba, Carmona Silang, Cabuyao, Binan	20,958	82	Regional Mall
9.	Starmall Daang Hari	2015	Molino, Bacoor City, Cavite	Bacoor, Muntinlupa, Las Pinas, Imus, Kawit, Dasmaringas	28,482	60 <sup>(1)</sup>	Commercial Strip Mall
10.	Starmall Imus	2015	Imus City, Cavite	Imus, Kawit, Dasmaringas	11,165	90	Community Mall
11.	Worldwide Corporate Center	2007	Mandaluyong City	Mandaluyong, Pasig, Makati, Pateros, San Juan, Taguig	118,000	99	Office Building
12.	Polar Center EDSA	2015	Wack Wack, Mandaluyong	Mandaluyong, Pasig, Makati,	13,000	85	Office Building

No.	Name	Operation Date	Location	Catchment Area	GFA (sq.m.)	Occupancy (%)	Mall Positioning
			City	Pateros, San Juan, Taguig			
	<b>TOTAL</b>				<b>509,385<sup>(2)</sup></b>	<b>89<sup>(3)</sup></b>	

*Notes:*

- (1) *Starmall Daang Hari, located in Vista City, opened its first phase in July 2015 and is still in its ramp-up occupancy period.*
- (2) *Figures presented have been subject to rounding adjustments such that the total reflected is not an arithmetic aggregate of GFA presented.*
- (3) *Computed as the weighted average of the occupancy rates as of September 30, 2015.*

### FINANCIAL IMPACT OF STARMALLS ACQUISITION ON VISTA LAND

The following presents a comparison of key financial information before and after giving pro forma effect to the Starmalls Acquisition.

	<u>Pre-Transaction</u>	<u>Post-Transaction</u>	<u>% Change</u>
<b>Total revenue (FY 2014)<sup>4</sup></b>	₱ 23,606 M	₱ 25,469 M	<b>8%</b>
<b>Net Income (FY2014)</b>	₱ 5,710 M	₱ 6,037 M	<b>6%</b>
<b>Net Debt / Equity (FY2014)<sup>5</sup></b>	0.22x	0.20x	

The addition of the Starmalls platform to the Company's overall portfolio will further diversify the Company's revenue streams and enhance the Company's financial stability with an increased recurring rental revenue contribution from the mass market retail mall and BPO platform. For example, the recurring revenue contribution for the Company after the Starmalls Acquisition on a pro forma basis for the 9 months ending September 30, 2015 was 7.62% versus 0.74% for the same period for Vista Land on a standalone basis, with this proportion expected to increase going forward given the strong growth outlook for the mass market retail and BPO platform. In addition, the Company will enjoy higher margins after the Starmalls Acquisition on a pro forma basis due to the profitability of the Starmalls platform; EBITDA margin for the Company after the Starmalls Acquisition on a pro forma basis for the 9 months ending September 30, 2015 was 37.91% versus 34.52% for the same period for Vista Land on a standalone basis.

<sup>4</sup> Computed as the sum of real estate revenue, interest income from installment contracts receivable, rental income and miscellaneous income.

<sup>5</sup> Net debt / Equity is computed as total notes payable and bank loans less cash and investments, divided by total equity.

## **ANNEX 1: ACQUISITION PROCESS**

Vista Land is implementing the Starmalls Acquisition through a multi-step process.

### **A. Purchase of Starmalls Shares and Issuance of Vista Land Shares**

- Vista Land is initially purchasing 6,692,928,686 common shares representing approximately 79.43% of the total outstanding common capital stock of Starmalls from the Fine Group for ₱4.51 per share or an aggregate amount of ₱30,185,108,373.86 (the “Purchase Price”) (the “First Purchase”). This purchase price, payable in cash, represents a 44.87% discount to the last traded price of Starmalls of ₱8.18 per share as of November 9, 2015 and is supported by a Fairness Opinion issued by ING Bank N.V. Manila Branch.
- 743,293,328 STR common shares held by Fine Properties representing approximately 8.82% of Starmalls’ total issued and outstanding common stock, which are currently subject to a mandatory lock-up under Philippine Stock Exchange (“PSE”) rules, will be acquired by Vista Land after the expiration of the lock-up period on or about January 29, 2016 (the “Lock-up”) (the “Second Purchase”). Such STR shares will also be purchased for the amount of ₱4.51 per share, the same Purchase Price and same terms and conditions as the First Purchase.
- In consideration of and as a material condition to Vista Land’s purchase of the Fine Group’s Starmalls shares, the Fine Group agreed to invest 97.5% of the consideration to be received from the First Purchase and the Second Purchase in Vista Land, by subscribing to a total of 4,573,276,535 common shares of Vista Land to be created as part of the increase in the authorized capital stock of Vista Land from ₱12.0 billion to ₱18.0 billion, as approved by the Board of Directors on July 15, 2015 and the stockholders of Vista Land on August 28, 2015 (the “Capital Increase”). This investment by the Fine Group in Vista Land will be implemented through three tranches, namely: (i) on November 10, 2015, the Fine Group will subscribe to a total of 1,500,000,000 Vista Land common shares; (ii) simultaneously with the closing of the First Purchase, the Fine Group will subscribe to 2,616,151,139 Vista Land common shares; and (iii) upon the expiration of the Lock-up and simultaneously with the closing of the Second Purchase, Fine Properties will subscribe to 457,125,396 Vista Land common shares.

The remaining 2.5% of the Purchase Price will cover stock transaction tax, broker’s commission, and other sell side costs due on the sale and investment, with the remaining balance to be paid to the Fine Group in cash. The subscription price for the Vista Land common shares amounts to ₱7.15 per share (the “Subscription Price”). The Subscription Price, payable in cash, represents a 24.88% premium to the last traded price of the VLL shares of ₱5.68 per share as of November 9, 2015 and is also supported by the Fairness Opinion issued by ING Bank N.V. Manila Branch.

- Fine Properties is likewise expected to subscribe to up to 608,701,871 Vista Land common shares to replace any Vista Land common shares that Fine Properties will cross to any tendering STR shareholders in connection with the mandatory tender offer to be conducted by Vista Land for STR shares as discussed in Part B below. The subscription price for these shares shall likewise be ₱7.15 per share.

### **B. Tender Offer Process**

As a consequence of the Starmalls Acquisition, VLL is required under the Philippine Securities Regulation Code (“SRC”) to conduct a mandatory tender offer to all STR shareholders other than the Fine Group (the “STR Minority Shareholders”) for their STR shares at the same Purchase Price and under the same terms and conditions that the STR shares are being purchased from the Fine Group (the “Tender Offer”). The Tender Offer price will be paid in cash.

Thus, tendering STR Minority Shareholders will also be required to invest 97.5% of the sale proceeds to be received by them in the common capital stock of VLL. The remaining 2.5% of such sale proceeds will cover stock transaction tax, broker's commission, and other trading costs due on the sale and investment, with any remaining balance to be paid to the respective STR Minority Shareholders in cash.

In order to ensure that the STR Minority Shareholders who will participate in the Tender Offer will be able to acquire listed VLL common shares at the closing or completion of the Tender Offer, instead of directly subscribing to new and unlisted VLL common shares, tendering STR Minority Shareholders will receive, and Fine Properties will transfer to any such tendering STR Minority Shareholders, the equivalent number of listed VLL common shares that such tendering STR Minority Shareholders would have otherwise received from VLL by way of direct subscription, at the same price as the Subscription Price or ₱7.15 per VLL share.

Simultaneously with the closing of the Tender Offer, Fine Properties shall subscribe to, and VLL shall issue to Fine Properties, such number of shares equivalent to the number of listed VLL shares that will be sold by Fine Properties to the tendering STR Minority Shareholders (up to 608,701,871 new VLL common shares assuming all remaining STR shares are tendered during the Tender Offer period), at the Subscription Price of ₱7.15 per share. Fine Properties shall then utilize all of the proceeds from the sale of its listed VLL shares to the STR Minority Shareholders as payment for its subscription to such new VLL common shares.

Subject to securing the requisite approvals from the Philippine Securities and Exchange Commission ("SEC"), the Tender Offer is expected to commence on or about January 4, 2016. The execution of the block sale of the STR Shares of the tendering STR Minority Shareholders as well as the listed VLL shares of Fine Properties are expected to occur on the same date, on or about February 17, 2016.

### **C. Regulatory Approvals**

To accommodate the VLL common shares to be issued to the Fine Group as part of the Starmalls Acquisition, Vista Land is applying for approval by the SEC of the Capital Increase.

In addition, VLL is requesting the SEC for exemptive relief to enable it to close the sale and purchase of the STR shares representing approximately 79.43% of STR's outstanding common capital stock before the completion of the Tender Offer (the "Exemptive Relief"). Assuming approval of the request for Exemptive Relief, the STR shares purchased by VLL from the Fine Group are expected to be crossed on the PSE on or about December 4, 2015, while the remaining STR shares of Fine representing 8.82% of STR's outstanding common capital stock are expected to be crossed on or about January 29, 2016. On the other hand, the execution of the block sale of the STR Shares of the tendering STR Minority Shareholders as well as the listed VLL shares of Fine Properties are expected to occur on the same date, on or about February 17, 2016.

The Company will make all relevant disclosures and filings relating to the Tender Offer process in due course.

Fine Properties' sale of up to 608,701,871 listed VLL shares to STR Minority Shareholders as part of the terms and conditions of the Tender Offer is exempt from registration requirements pursuant to Section 10.2 of the SRC. An application for the confirmation of such exemption from registration requirements (the "Confirmation of Exemption") is being filed by VLL with the SEC together with the application for approval of the Capital Increase and the request for Exemptive Relief.

## ANNEX 2: INFORMATION ON SUBSCRIBERS TO NEW VLL SHARES

The following tables provide information relevant to the issuance of new VLL shares required in connection with the Starmalls Acquisition.

### Identity and/or Corporate Background of the Beneficial Owners of the Shares Subscribed

Beneficial Owner / Subscribers	Nature of Business	Nature of any material relationship with the Issuer and the parties to the transaction, their directors/officers or any of their affiliate
Fine Properties, Inc.	Real estate	Principal shareholder
Althorp Holdings, Inc.	Real estate	Principal shareholder
Manuela Corporation	Real estate	Affiliate
Manuel Paolo A. Villar	N/A	Director, President, and CEO
Manuel B. Villar, Jr.	N/A	Chairman of the Board

### The interest which directors of the parties to the transaction have in the proposed transaction

Apart from Mr. Manuel Paolo A. Villar and Mr. Manuel B. Villar, Jr. who are among the parties to the Starmalls Acquisition and at the same time directors and officers of the Company, no other director of the Company or the Subscribers has any interest in the transactions.

### Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders

The completion of the transactions is subject to the approval by the SEC of the Capital Increase, Exemptive Relief and the Confirmation of Exemption. The Purchase Price and the Subscription Price are supported by a fairness opinion prepared by ING Bank N.V. Manila Branch.

### Change(s) in the composition of the Board of Directors and Management

There will be no changes in the composition of the Board of Directors and Management.

The issuance of new VLL shares will have the following effects:

1. Ownership structure

Principal Shareholders	Before		After		
	Number of Shares	%	Number of Shares	% common	% total outstanding*
Fine Properties, Inc.	4,565,444,161	54.39%	6,650,638,065	48.99%	58.97%
Althorp Holdings, Inc.	15,983,363	0.19%	1,235,292,469	9.10%	7.32%

*\*including preferred shares*

2. Capital structure

<b>Common</b>	<b>Before</b>	<b>After</b>
Authorized	11,900,000,000	17,900,000,000
Subscribed	8,538,740,614	13,720,719,020*
Paid Up (par value)	8,538,740,614.00	13,720,719,020.00

<b>Preferred</b>	<b>Before</b>	<b>After</b>
Authorized	10,000,000,000	10,000,000,000
Subscribed	3,300,000,000	3,300,000,000
Paid Up (par value)	33,000,000.00	33,000,000.00

\* assuming all minority Starmalls shareholders will participate in the Tender Offer

3. Issued Shares

<b>Type of Security /Stock Symbol</b>	<b>Before</b>	<b>After</b>
Common/VLL	8,538,740,614	13,720,719,020*

\*assuming all minority Starmalls shareholders will participate in the Tender Offer.

4. Treasury Shares

<b>Type of Security /Stock Symbol</b>	<b>Before</b>	<b>After</b>
Common/VLL	145,487,600	145,487,600

5. Listed Shares

<b>Type of Security /Stock Symbol</b>	<b>Before</b>	<b>After</b>
Common/VLL	8,538,740,614	8,538,740,614*

\*an application for listing on the PSE of up to 5,181,978,406 new VLL shares will be filed in due course

**Effect(s) on the public float, if any** (12.85%)

**Effect(s) on foreign ownership level, if any** (5.54%)

**NOTICE:** This document does not constitute or form part of and should not be construed as an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company or any of its subsidiaries or affiliates in any jurisdiction or as an inducement to enter into investment activity. No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This document is not financial, legal, tax or other product advice.

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ING Bank N.V., Manila Branch

9 November 2015

**Board of Directors**  
**Vista Land & Lifescapes, Inc.**  
UGF Worldwide Corporate Center  
Shaw Boulevard  
Mandaluyong City  
Philippines

**Board of Directors**  
**Starmalls, Inc.**  
UGF Worldwide Corporate Center  
Shaw Boulevard  
Mandaluyong City  
Philippines

Dear Sirs,

## **FAIRNESS OPINION REPORT**

You, the Boards of Directors of Vista Land & Lifescapes, Inc. (“**you**” or “**Vista Land**”) and Starmalls, Inc. (“**you**” or “**Starmalls**”) have asked us, the Corporate Finance unit of ING Bank N.V., Manila Branch, pursuant to an engagement (the “**Engagement**”) set out in an Engagement letter dated 2 November 2015, to give our opinion (the “**Opinion**”), based on our attached valuation report (the “**Valuation Report**”), with respect to the fairness from a financial point of view of the proposed purchase price of shares in Starmalls by Vista Land and the proposed subscription/purchase price of shares in Vista Land by shareholders of Starmalls (the “**Transactions**”).

In arriving at our Opinion, we have reviewed and considered Vista Land’s proposed comprehensive corporate disclosure dated 2 November 2015 (“**CCD**”) and the annual reports for the years ending 31 December 2013 and 2014 and the interim reports for the six months ending 30 June 2015 of Vista Land and Starmalls, as well as the appraisal reports of Starmalls and Vista Land with respective valuation dates as at 31 August 2015 and as at 30 June 2015. We have also discussed with the management of Vista Land and Starmalls in respect of the business operations and future prospects of both companies. In this context, we also received the Vista Land and Starmalls business plans dated 23 October 2015 with projections covering the period 2015 up to 2020. Prospective financial information from the Vista Land and Starmalls business plans has been taken into account in considering the growth plans of both Vista Land and Starmalls.

We have also compared the data provided to us with similar publicly available data for various other companies in your business sectors, and we have considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions which have recently been effected by such companies. We also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which we deemed relevant for the purposes of producing our Opinion.

## **INTRODUCTION**

Vista Land has entered into an agreement with Fine Properties, Inc., Althorp Holdings, Inc., Manuela Corporation, Manuel B. Villar and Manuel Paolo A. Villar (“**Starmalls Majority Shareholders**”) to form a larger diversified listed real estate company.

The Transactions consist of a cash offer for all shares of Starmalls (“**Starmalls Shares**”) through a purchase of 88.25% of Starmalls Shares from the Starmalls Majority Shareholders and a cash tender offer for the remaining outstanding shares held by the minority shareholders of Starmalls. As a condition to the purchases and the tender offer, the Starmalls shareholders will be required to reinvest 97.5% of the proceeds of the sale of the shares in Starmalls into shares of Vista Land (“**Vista Land Shares**”) by subscribing to new Vista Land Shares issued through or following a capital increase or the purchase of existing Vista Land Shares.

The proposed purchase price (or cash tender offer price) for Starmalls Shares is set at PHP 4.51 per share and the proposed issue price for Vista Land Shares is set at PHP 7.15 per share.

## **TERMS OF REFERENCE**

In accordance with the terms of our Engagement and except for the purposes of preparing the Valuation Report, in formulating our Opinion:

1. We have not assumed any responsibility for independent verification of, and we have not independently verified, any of the information considered in the preparation of the Valuation Report and have relied on all such information as being sufficient, complete and accurate and not misleading in all material respects, without any additional check being undertaken to verify the completeness and accuracy of such disclosure. For the avoidance of doubt, we have assumed that no information has been withheld from us that could have an impact on this Opinion;
2. We have not assumed any responsibility for any aspect of the work that any professional advisors have produced regarding the Transactions and we have assumed as true and accurate and not misleading any work produced by such advisors. We have not provided, obtained or reviewed any legal, tax, regulatory, accounting, actuarial or other advice and as such assume no liability or responsibility in connection therewith. Accordingly, in providing this Opinion, we have not taken into account the possible implications of any such advice;
3. We have assumed that all corporate and other action required by the Group to complete the Transactions and carry out your obligations thereunder has been or will be duly taken, that the Transactions documentation will constitute a valid and legally binding obligation of both of you, that you have sufficient financial resources to honour all of your financial obligations in respect of the Transactions without any breach of covenants or other negative financial impact, and that the execution, delivery and performance by you of the Transactions will not violate or be prohibited by either your internal constitution or by any provision of any existing law applicable to you or any agreement or instrument binding on you or any of your assets or constitute a default or termination event (however described) under any such agreement or instrument;
4. With respect to any financial forecasts, we have assumed that such forecasts have been prepared on bases reflecting reasonable estimates and judgments as to your future financial performance. In addition, we have not been requested to make (and therefore have not made) an independent evaluation or appraisal of your assets and liabilities (contingent or otherwise). Our Opinion is necessarily based upon publicly available information collated by us up to the Last Practicable Date (as defined in the Valuation Report), and the financial, economic, political and social market and other relevant conditions to the Opinion as they exist and can be evaluated, as at the Last Practicable Date;
5. We also do not express an opinion herein as to the prices at which the shares of Vista Land and Starmalls may trade or the future value, financial performance or condition of Vista Land and Starmalls and/or Vista Land Group (as defined in the Valuation Report) or Starmalls Group (as defined in the Valuation Report), upon or after completion of the Transactions. ING has not conducted due diligence with respect to Vista Land and Starmalls other than its review of certain publicly available information related to Vista Land and Starmalls. Accordingly, for the purposes of its Opinion, ING has assumed that there is no non-public information with respect to Vista Land and Starmalls and/or the Vista Land Group or Starmalls Group made available to ING that would, or would reasonably be likely to, have an adverse impact on the share prices of either Vista Land or Starmalls;
6. We have assumed that you are complying in all material respects with all relevant applicable laws and regulations and will promptly disclose to the extent required under applicable laws and regulations any price sensitive information to the public;
7. We have assumed that all consents and approvals of regulatory bodies, shareholders, exchanges, creditors and others which are required under any applicable law, regulation, agreement or instrument to consummate the

Transactions will be obtained with no detriment in any aspect which may be material for our analysis. Subsequent developments may affect this Opinion and the assumptions made in its preparation;

8. We have assumed that the Transactions will not constitute an event of default or a potential event of default under any of your debt obligations and that, following completion of the Transactions, you will continue to be able to meet all of your debts and other obligations as they fall due;
9. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Vista Land Group or the Starmalls Group, their directors and the management, and have been advised by the directors of both companies that no material facts have been omitted from the information provided by or referred to in the CCD;
10. We do not express an opinion about the fairness of the compensation in the Transactions to any of the directors, officers or employees relative to the compensation to the respective shareholders;
11. We have received internal approval for the issue of this Opinion; and
12. We are issuing this Opinion in compliance with the Republic of the Philippines Securities and Exchange Commission Memorandum Circular no. 13 dated 8 August 2013.

We have been engaged by Vista Land and Starmalls for the purpose of producing this Opinion and we will receive a fee from Vista Land and Starmalls for our services. This fee, which is being paid for our Opinion, is not contingent on the consummation of the Transactions.

In the ordinary course of business, ING Bank N.V. (of which we, the Corporate Finance Division of ING Bank N.V., Manila Branch forms part) and its affiliates may actively trade your debt and equity securities for its own account and for the accounts of clients and accordingly, may at any time hold a long or short position in such securities.

This Opinion is supplied to you on the understanding that it has been produced solely for your benefit as part of the information you require in your contemplation of the Transactions. Save as to matters specifically mentioned in this Opinion, we do not otherwise express any views on the Transactions, or their effect on the business or any part of it of Vista Land and Starmalls.

This Opinion exclusively focuses on the fairness and reasonableness of the proposed share price of the Starmalls and Vista Land shares offered in connection with the Transactions and does not address any other issues such as the underlying business decision to recommend the Transactions or its commercial merits, which are matters solely for the management. Subsequent developments in the aforementioned conditions may affect this Opinion and the assumptions made in preparing this Opinion.

This Opinion is confidential and may not be quoted or referred to, in whole or in part, in any registration statement, prospectus or proxy statement, or in any other document used in connection with the Transactions or the Engagement, except in the corporate disclosures of Vista Land and/or Starmalls to the Philippine Stock Exchange and the Philippine Securities and Exchange Commission in relation to the Transactions and the tender offer report of Vista Land for Starmalls shares. This Opinion shall not be used for any other purposes, without our prior written consent or as otherwise agreed in writing with us.

This Opinion is issued in the English language and reliance may only be placed on this Opinion as issued in the English language. If any translations of this Opinion are delivered they are provided only for ease of reference, have no legal effect and ING makes no representation as to (and accepts no liability in respect of) the accuracy of any such translation.

Our responsibility for the contents of this Opinion to Vista Land and Starmalls is subject to the terms of the Engagement. In addition, our liability to Vista Land and Starmalls will be limited and in particular, we shall not have any direct or indirect liability of any kind to Vista Land and Starmalls, or to any of Vista Land's and Starmalls' directors, employees, shareholders or creditors, arising out of or in connection with the Engagement, except for losses, claims, damages or liabilities incurred by Vista Land and Starmalls to the extent they are found in a final judgment by a court to have resulted from a deliberate omission or gross negligence on the part of us or our affiliates and sub-contractors.

This Opinion and ING's contractual and non-contractual obligations to Vista Land and Starmalls hereunder shall be governed by the laws of the Republic of the Philippines.

**CONCLUSIONS AND FAIRNESS OPINION**

The valuation results of the Vista Land Group are presented below:

- Equity value between PHP 55,000 million and PHP 65,000 million, representing a share price range of PHP 6.55 to PHP 7.74

The valuation results of the Starmalls Group are presented below:

- Equity value between PHP 35,000 million and PHP 45,000 million, representing a share price range of PHP 4.15 to PHP 5.34

Based on the above, we are of the opinion that the tender offer price of PHP 4.51 for each share of Starmalls and the subscription/purchase price of PHP 7.15 for each share of Vista Land is fair from a financial point of view.

Yours faithfully,

Duly authorised for and on behalf of

**ING Bank N.V., Manila Branch**



.....  
**Lourdes S. Bautista**  
**Managing Director**  
**Corporate Clients, Philippines**

.....  
**Albert Lagtapon**  
**Director**  
**Corporate Finance, Philippines**

Noted by:



.....  
**Andrew Lau**  
**Director**  
**Corporate Finance, Hong Kong**

## APPENDIX: VALUATION REPORT

### 1. Background

#### A. Starmalls

Starmalls was incorporated in the Philippines in 1969, originally to pursue mineral exploration. In 2004, the company changed its primary business and is now presently engaged in real estate. In May 2012, the company changed its name from Polar Property Holdings Corporation to Starmalls, Inc.

Starmalls has two subsidiaries, namely Masterpiece Asia Properties, Inc. (“**MAPI**”, wholly-owned by Starmalls) and Manuela Corporation (“**MC**”, 98.4% owned by Starmalls) (Starmalls, MAPI and MC together, “**Starmalls Group**”). MAPI and MC are both in the commercial property development and operations. They together currently own and operate ten malls and two corporate buildings namely: Starmall Las Piñas 1, Starmall Las Piñas 2, Starmall EDSA Shaw, Starmall Alabang, Starmall San Jose del Monte, Starmall Prima Taguig 1, Starmall Talisay, Starmall Prima Sta. Rosa 1, Starmall Daang Hari, Starmall Imus, Worldwide Corporate Centre and Polar Center - EDSA. The malls house various retail establishments while the corporate buildings cater to the office space needs of business process outsourcing companies. The following table sets out more details on the existing properties of Starmalls Group:

**Table 1: Malls and corporate buildings of Starmalls Group in operation**

Properties	Location	Operation year	Gross Leasing Area (square meters)	Owner
<b>1. Malls</b>				
Starmall Las Piñas 1	Zapote, Las Piñas City	1979	5,865	MC
Starmall Las Piñas 2	Zapote, Las Piñas City	1982	15,288	MC
Starmall EDSA Shaw	Wack Wack, Mandaluyong City	1988	39,399	MC
Starmall Alabang	Alabang, Muntinlupa City	1997	84,851	MC
Starmall San Jose del Monte	San Jose Del Monte, Bulacan	2012	23,601	MAPI
Starmall Prima Taguig 1	Tuktukan, Taguig City	2014	9,847	MC
Starmall Talisay	Talisay, Cebu City	2014	6,539	MAPI
Starmall Prima Sta. Rosa 1	Sta. Rosa, Laguna	2014	14,671	MC
Starmall Daang Hari	Molino, Bacoor City, Cavite	2015	19,938	MAPI
Starmall Imus	Imus City, Cavite	2015	7,815	MC
<b>2. Corporate Centres</b>				
Worldwide Corporate Centre	Mandaluyong City	2007	70,343	MC
Polar Center - EDSA	Wack Wack, Mandaluyong City	2015	9,900	MC
<b>Total</b>			<b>308,057</b>	

For the three years ending on 31 December 2014, Starmalls Group achieved a 16.0% compound annual growth rate for its revenue. Over the same period, earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) and earnings before interest and taxes (“**EBIT**”) increased by compound annual growth rates of respectively 17.3% and 13.8%. Net income for the three years ending on 31 December 2012, 2013 and 2014 amounted to PHP 9,740 million, PHP 1,345 million and PHP 357 million, respectively. Starmalls Group recorded negative goodwill of PHP 9 billion on the acquisition of MC in 2012 and a gain of PHP 1 billion on the sale of its investment in Vista Land in 2013. As at 30 June 2015, Starmalls Group’s net assets amounted to PHP 21.2 billion. Set out below are the financial highlights of Starmalls Group:

**Table 2: Financial highlights for Starmalls Group for the three years ending on 31 December 2014 and for the six months ending on 30 June 2015**

	For the year ending			For the six months ending
	31-Dec-12	31-Dec-13	31-Dec-14	30-Jun-15
	(PHP millions) Audited	(PHP millions) Audited	(PHP millions) Audited	(PHP millions) Unaudited
Revenues	1,428	1,584	1,921	1,227
EBITDA	894	1,022	1,230	848
EBIT	450	443	583	506
Profit before tax	10,006	1,541	526	488
Net income	9,740	1,345	357	314
Net assets	19,196	20,462	20,878	21,192

Source: Company filings

Note: Financial statements of Starmalls are prepared in accordance with Philippine Financial Reporting Standards

### B. Vista Land

Vista Land was incorporated in the Philippines in 2007. Vista Land is a holding company with seven wholly-owned subsidiaries: Brittany Corporation, Crown Asia Properties, Inc., Vista Residences, Inc. Camella Homes, Inc., Communities Philippines, Inc., VLL International, Inc. and Lumina Homes, Inc. (Vista Land, together with its subsidiaries, “**Vista Land Group**”). Vista Land Group is engaged in the development of residential subdivisions and construction of housing and condominium units. Vista Land Group offers a range of products from socialized and affordable housing to middle income and high-end subdivision house, lots and condominium projects.

Vista Land Group has a wide geographically diverse portfolio. It has nationwide presence in 35 provinces, 92 cities and municipalities across Philippines with a land bank across the country. As at 30 June 2015, raw land amounted to 2,458 hectares, of which 75% is located in the Mega Manila area while the rest are in the provincial area. Vista Land Group is a leading homebuilder in the Philippines with approximately 45% market share in the house and lot segment in 2014 and has delivered about 300,000 homes.

For the three years ending on 31 December 2014, Vista Land Group achieved a 16.5% compound annual growth rate for its revenue. Over the same period, EBITDA and EBIT increased by compound annual growth rates of respectively 16.0% and 15.3%, while net income increased by a compound annual growth rate of 14.1%. As at 30 June 2015, Vista Land Group’s net assets amounted to PHP 56.2 billion. Set out below are the financial highlights of Vista Land Group:

**Table 3: Financial highlights for Vista Land Group for the three years ending on 31 December 2014 and for the six months ending on 30 June 2015**

	For the year ending			For the six months ending
	31-Dec-12	31-Dec-13	31-Dec-14	30-Jun-15
	(PHP millions) Audited	(PHP millions) Audited	(PHP millions) Audited	(PHP millions) Unaudited
Revenues	17,397	21,319	23,606	13,265
EBITDA	5,559	6,803	7,484	4,507
EBIT	5,404	6,568	7,189	4,355
Profit before tax	4,494	5,475	6,279	3,445
Net income	4,386	5,063	5,710	3,118
Net assets	40,689	48,525	53,092	56,248

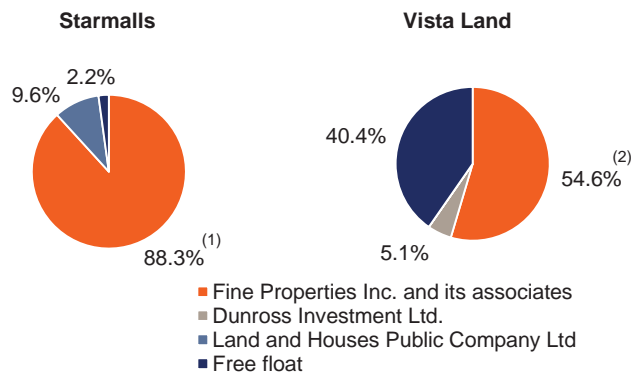
Source: Company filings

Note: Financial statements of Vista Land Group are prepared in accordance with Philippine Financial Reporting Standards

**C. Ownership structure**

Fine Properties, Inc. and its associates are the largest shareholders in Vista Land, with 55% interest in common stock and 67% interest in voting stock (common shares and preference shares in total) as at the Last Practicable Date, being 6<sup>th</sup> of November 2015. Fine Properties, Inc. and its associates are also the largest shareholders in Starmalls, with 88% interest in common stock and 91% interest in voting stock (common shares and preferred shares in total) as at the Last Practicable Date. The diagram below summarizes the ownership structure of Vista Land and Starmalls.

**Chart 1: Common share ownership structure of Starmalls and Vista Land**



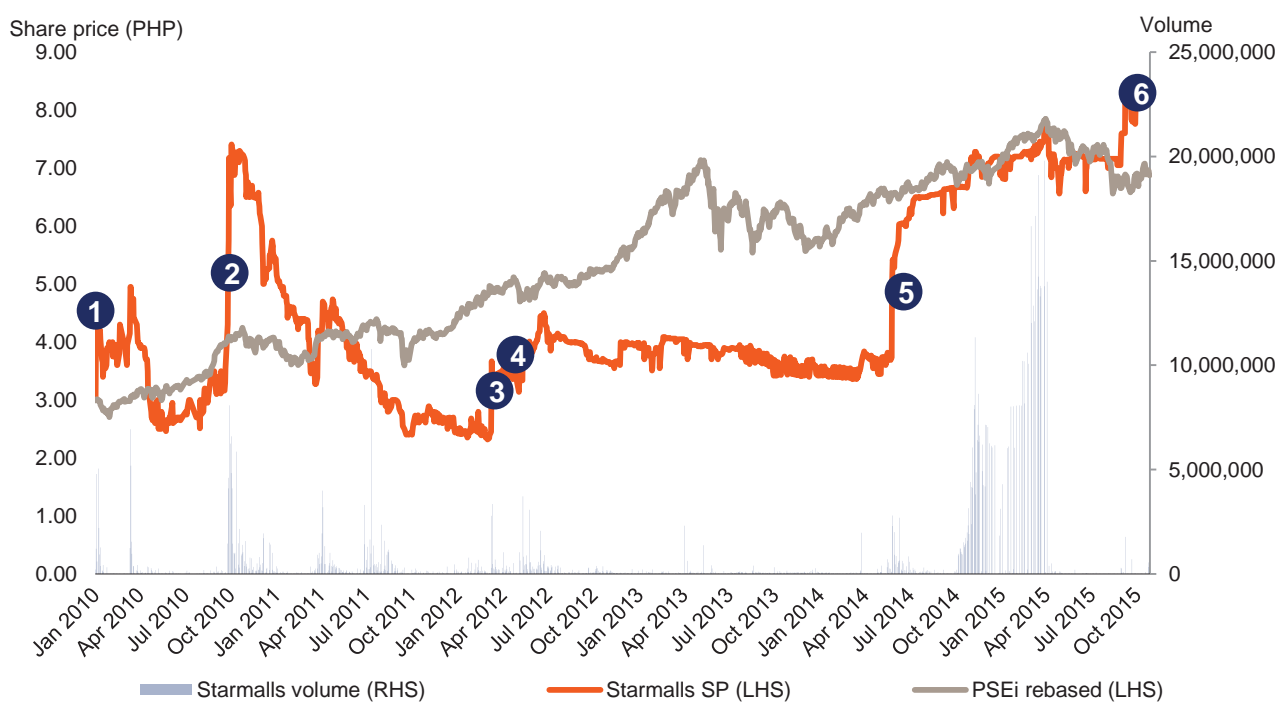
*Note 1: Fine Properties, Inc., Althorp Holdings, Inc., Manuela Corporation and the Villar family held respectively 40.24%, 23.53%, 14.52% and 9.97% of Starmalls common shares. Fine Properties Inc. is the beneficial owner of shares held by Althorp Holdings, Inc.*  
*Note 2: Fine Properties, Inc. and Althorp Holdings, Inc. held respectively 54.38% and 0.19% of Vista Land's common shares.*

## 2. Valuation of Starmalls Group

### A. Market performance of Starmalls Share

The chart below sets out the daily market closing prices and trading volume of Starmalls Shares on the PSE, to illustrate the market performance of Starmalls Shares for the period commencing January 2010 to the Last Practicable Date, and points out the selected key events and share price movements over that period.

**Chart 2: Share price evolution of Starmalls Shares**



Source: Bloomberg

The annual compounded share price return since January 2010 amounts to 18.8%. This share price performance stands out compared with the annual compounded return of 15.3% posted by the Philippines Stock Exchange Index (“PSEi”) since January 2010.

Following selected key news items and share price movements are noted over the period under consideration:

1. January 2010: Starmalls confirms there is no reason for the unusual movement in share price.
2. October 2010: Starmalls confirms there is no reason for the unusual movement in share price.
3. March 2012: Starmalls confirms there is no reason for the unusual movement in share price.
4. May 2012: Starmalls reaches an agreement on the acquisition of a 98.36% stake in Manuela Corporation.
5. June 2014: Starmalls confirms there is no reason for the unusual movement in share price.
6. October 2015: Merger plans are publicly announced.

Due to the low liquidity, limited free float and lack of analyst coverage, Starmalls Shares are subject to unusual share price movements and the share price may not reflect the fundamental value of the company. The table below gives an overview of the limited liquidity of Starmalls Shares. Over the 12 months preceding the Last Practicable Date, trading in Starmalls Shares represented only 5.82% of the share capital.



**Table 4: Liquidity analysis - Starmalls**

<b>Liquidity analysis</b>								
	Average share price in PHP	Average daily volumes			Cumulative volumes			
		Number of shares	As % of share capital	As % of free float	Number of shares	As % of share capital	As % of free float	In PHP million
6 November 2015	8.18	624,300	0.01%	0.34%	624,300	0.01%	0.34%	5
Last week	8.17	383,200	0.00%	0.21%	1,916,000	0.02%	1.06%	16
Last month	8.26	98,676	0.00%	0.05%	2,072,200	0.02%	1.14%	17
Last 3 months	7.80	87,923	0.00%	0.05%	5,451,200	0.06%	3.00%	44
Last 6 months	7.51	53,488	0.00%	0.03%	5,937,200	0.07%	3.27%	47
last 12 months	7.34	2,140,231	0.03%	1.18%	490,112,800	5.82%	270.02%	3,529

Source: Bloomberg

In the table below we compare the closing price on the Last Practicable Date with the 1 month, 3 month, 6 month and 12 month volume weighted average prices (“VWAPs”) as from the Last Practicable Date:

**Table 5: Starmalls VWAPs**

Period	VWAP (PHP)
Current	8.18
1 month	8.17
3 month	7.99
6 month	7.86
12 month	7.20

#### **B. Target prices issued by financial analysts covering the Starmalls share**

Due to the limited free float of 2% and hence low liquidity of the share, there are no equity analysts covering the share. Therefore, no regular company broker reports or target prices are available.

#### **C. Comparable companies**

In our assessment of the valuation of Starmalls, we have considered the following commonly used valuation multiples:

- Enterprise value to EBITDA (“EV/EBITDA”);
- Price-to-earnings ratio (“P/E”); and
- Price-to-book ratio (“P/B”).

We have considered P/E multiples which provides guidance on the relative earnings potential of the companies, EV/EBITDA multiples (calculated as market capitalisation plus net debt or less net cash plus preferred equity plus minorities minus associates plus unfunded pension liabilities divided by EBITDA for the respective year) which helps to eliminate the differences in capital structures and depreciation policies between the different selected comparables and P/B multiples which provides guidance on the relative premium of the companies’ market capitalisation versus net asset value as the valuation ratios.

We have selected a list of comparable companies (the “Comparable Companies”) for our comparison analysis based on the selection criterium that these companies are engaged in significant shopping mall development and operation activities in the Philippines or South East Asia. This selection criterium has provided us with reasonably sufficient samples for comparison purposes.

While Comparable Companies analysis reflects current market sentiment towards the sector and provides guidance on valuation, our analysis does not take into account differences in accounting policies and standards as well as differences in business models and/or tax treatments, nor does it take into account any possible unique characteristic(s) of different companies and no adjustments have been made to account for such differences.

We have conducted our analysis and identified five companies based on the abovementioned selection criteria which we consider to be the closest comparables to Starmalls. Four of these companies, namely Ayala Land, Megaworld, Robinsons Land and SM Prime Holdings are also mentioned as direct competitors in Starmalls' 2014 annual report and have significant mall operations in their portfolio. The Comparable Companies are set out in the table below. The valuation multiples of the Comparable Companies are based on their respective share prices as at Last Practicable Date, their respective balance sheet items as at 30 June 2015 and consensus broker estimates for 2015, 2016 and 2017 EBITDA and earnings.

**Table 6: Comparable companies of Starmalls**

Company	MC <sup>(1)</sup> (PHP million)	EV <sup>(2)</sup> (PHP million)	EV/EBITDA <sup>(3)</sup>			P/E <sup>(4)</sup>			P/B <sup>(5)</sup>
			2015	2016	2017	2015	2016	2017	2015 H1
Ayala Land	538,595	640,080	18.8x	16.0x	13.9x	31.1x	26.0x	22.4x	4.3x
Central Pattana <sup>(6)</sup>	273,408	295,889	16.0x	13.5x	11.8x	24.9x	21.3x	18.1x	4.9x
Megaworld	149,913	182,013	12.8x	10.4x	9.3x	14.2x	12.3x	11.2x	1.3x
Robinsons Land	122,406	144,039	13.0x	11.2x	n.a.	20.5x	17.5x	n.a.	2.2x
SM Prime Holdings	629,567	731,803	18.4x	16.2x	14.4x	26.5x	25.2x	22.4x	3.1x
<b>Median</b>			<b>16.0x</b>	<b>13.5x</b>	<b>12.9x</b>	<b>24.9x</b>	<b>21.3x</b>	<b>20.2x</b>	<b>3.1x</b>
<b>Average</b>			<b>15.8x</b>	<b>13.5x</b>	<b>12.4x</b>	<b>23.4x</b>	<b>20.5x</b>	<b>18.5x</b>	<b>3.2x</b>

Sources: Bloomberg, Capital IQ, Company filings

Notes:

- (1) Market capitalisation of the Comparable Companies is based on the closing share prices on the Last Practicable Date
- (2) Enterprise value is calculated by adding up net financial debt to market capitalisation, with net financial debt calculated as interest bearing debt minus cash and cash equivalents plus preferred equity plus minorities minus associates plus unfunded pension liabilities
- (3) EV/EBITDA multiples are calculated based on the enterprise value (using the respective share prices as at the Last Practicable Date), divided by the respective consensus EBITDA for the 12-month period ending on 31 December 2015, 31 December 2016 and 31 December 2017
- (4) P/E multiples are calculated based on the market capitalisation (using the respective share prices as at the Last Practicable Day), divided by the respective consensus earnings for the 12-month period ending on 31 December 2015, 31 December 2016 and 31 December 2017
- (5) P/B multiples are calculated based on market capitalisation (using the respective share prices as at the Last Practicable Day), divided by the respective shareholders' equity as at 30 June 2015 excluding preferred equity and minorities, if applicable
- (6) Converted from THB to PHP based on the exchange rate on the Last Practicable Date

#### 1) EV/EBITDA method

By applying the Comparable Companies' median EV/EBITDA 2015, 2016 and 2017 multiples on Starmalls' 2015F, 2016F and 2017F EBITDA as estimated by management, we obtain an equity value range of PHP 23,601 million to PHP 51,645 million, representing a share price range of PHP 2.80 to PHP 6.13.

#### 2) P/E method

By applying the Comparable Companies' median P/E 2015, 2016 and 2017 multiples on Starmalls' 2015F, 2016F and 2017F earnings as estimated by management, we obtain an equity value range of PHP 19,316 million to PHP 46,852 million, representing a share price range of PHP 2.29 to PHP 5.56.

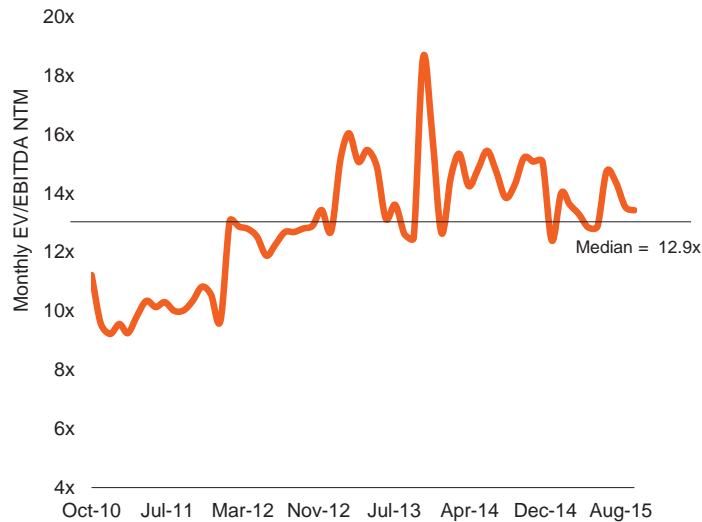
### 3) P/B method

By applying the Comparable Companies' median P/B 2015 H1 multiple on Starmalls' 2015 H1 book value, we obtain an equity value of PHP 64,548 million, representing a share price of PHP 7.66.

### 4) Through-the-cycle EV/EBITDA method

The through-the-cycle EV/EBITDA method is based on median rolling monthly EV/EBITDA next-twelve-month ("NTM") trading multiples of the Comparable Companies since October 2010. The median (through-the-cycle) value of these rolling trading multiples amounts to 12.9x.

**Chart 3: Starmalls rolling Comparable Companies median EV/EBITDA NTM since October 2010**

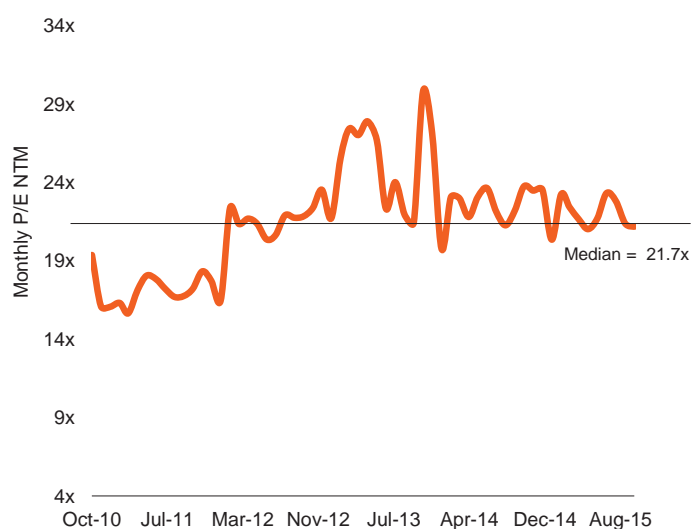


By applying the latter through-the-cycle EV/EBITDA multiple on Starmalls' 2016F EBITDA as estimated by management, we obtain an equity value of PHP 35,706 million, representing a share price of PHP 4.24.

### 5) Through-the-cycle P/E method

The through-the-cycle P/E method is based on median rolling monthly P/E NTM trading multiples of the Comparable Companies since October 2010. The median (through-the-cycle) value of these rolling trading multiples amounts to 21.7x.

**Chart 4: Starmalls Rolling Comparable Companies median P/E NTM since October 2010**



By applying the latter through-the-cycle P/E multiple on Starmalls' 2016F earnings as estimated by management, we obtain an equity value of PHP 33,451 million, representing a share price of PHP 3.97.

**D. Adjusted NAV valuation**

Investment property recorded in Starmalls' balance sheet is measured using the cost method. However, in September 2015, Starmalls secured the services of independent firms of appraisers to determine the fair market values of the company's investment property as at 31 August 2015. The fair market value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date.

The adjusted net asset value ("NAV") method reflects the book value of equity corrected for the fair value of the investment property as determined by the independent firm of appraisers. The result of this method can be found in the table below:

**Table 7: Starmalls adjusted NAV**

<b>Adjusted NAV valuation</b>	<b>(PHPm)</b>
Total assets as at 30 June 2015	30,546
Total liabilities as at 30 June 2015	9,354
Unadjusted NAV as at 30 June 2015	21,192
Minorities as at 30 June 2015	261
Unadjusted NAV as at 30 June 2015 less minorities	20,930
Appraisal adjustment investment properties as at 31 August 2015	7,765
Tax on capital gain (@30%)	(2,330)
<b>Adjusted NAV as at 30 June 2015</b>	<b>26,366</b>

Source: Appraisal reports prepared by CBRE and eValue

Note: Net book value of investment properties as per 30 June 2015 amounts to PHP 21,915 million, additions to investment property (net of accumulated depreciation) between 30 June 2015 and 31 August 2015 amounts to PHP 1,277 million and the fair market value of investment properties amounts to PHP 30,957 million as per 31 August 2015.

We obtain an equity value of PHP 26,366 million, representing a share price of PHP 3.13.

### E. Discounted cash flow

Discounted cash flow analysis (“DCF”) aims at determining the enterprise value of a company by discounting its future free cash flows. The equity value is obtained by deducting from the enterprise value the company’s net financial debt and debt like items.

The estimated free cash flows of Starmalls rely on the projections made by the Starmalls’ management with regard to future performance. It should be noted that these financial projections cover the period 2015 up to 2020 and include views on future evolutions at the level of revenues, EBITDA, EBIT, tax rate, working capital and capital expenditures (together referred as the “**Starmalls Business Plan**”).

The Starmalls Business Plan contains among others the following hypotheses:

- The projected sales evolution is driven by the opening of new malls and corporate centers over the business plan period, evolving from nine in operation end of 2014 to thirty eight in operation beginning of 2020. By 2022 all planned malls will have reached 95% occupancy rates (gradually built up over 3 years as from the start of operations for each mall) and run-rate performance will therefore be reached. After the business plan period, sales growth is assumed to evolve to a level of 5%;
- EBITDA margins standing at 70%;
- A major expansion capex plan of PHP 38,329m is projected in the first 5 years (2015 to 2019);
- Maintenance capex after the business plan period is set at 6% of sales based on management discussion; and
- Effective tax rate of 30% as per management estimate in line with the statutory tax rate in the Philippines.

Terminal value is calculated by applying an EV/EBITDA exit multiple based on the through-the-cycle EV/EBITDA NTM multiple of 12.9x on 2026 EBITDA based on a normative growth of 5% and a normative EBITDA margin of 70%. This results in an implied cap rate in 2025 of 7.4%.

The free cash flows over 2015H2-2025 and the terminal value are discounted to 30 June 2015 using a discount rate of 11.45% (“**WACC**”). This discount rate has been determined using among others the CAPM approach for calculating the cost of equity. The underlying assumptions adopted in determining the discount rate are based on:

- An unlevered beta of 1.04 consistent with the median of the unlevered beta’s of the peer group calculated and adjusted by Bloomberg as a regression on the Philippines Stock Exchange PSEi Index and the Stock Exchange of Thailand Index using weekly data over a 2 year period preceding the Last Practicable Date;
- A risk-free rate of 3.9% representing the average yield-to-maturity on 10 year Philippines government bonds over a two year period preceding the Last Practicable Date;
- A market risk premium of 8.3% based on the reference market risk premium for the Philippines as set out by Professor Damodaran of the NYU Stern School of business;
- A cost of debt (pre-tax) of 5.7%, based on the weighted average interested rate of the outstanding loan portfolio of Starmalls as per 31 December 2014;
- An effective tax rate of 30% as estimated by management and in line with the Philippines statutory tax rate; and
- A gearing ratio (financial debt/market value of equity) of 75%.

Based on these assumptions, the discounted cash flows valuation results in an equity value between PHP 41,261 million and PHP 48,621 million, corresponding to a share price between PHP 4.90 and PHP 5.77.

**Table 8: Sensitivity analysis Starmalls DCF on WACC and EV/EBITDA exit multiple**

Equity value as at 30 June 2015		WACC				
		10.95%	11.20%	11.45%	11.70%	11.95%
EV/ EBITDA exit multiple	11.9x	43,456	41,983	40,549	39,151	37,788
	12.4x	45,721	44,196	42,709	41,261	39,850
	12.9x	47,987	46,408	44,870	43,372	41,912
	13.4x	50,252	48,621	47,031	45,482	43,973
	13.9x	52,517	50,833	49,192	47,593	46,035

In table 8 above, the outcome of a sensitivity analysis is shown on the discount rate by increasing or decreasing it with 0.25% (i.e. resulting in a discount rate ranging between 11.20% and 11.70%) and varying the EV/EBITDA exit multiple between 12.4x and 13.4x.

**F. Valuation overview**

In table 9 below, the outcome of the different valuation methodologies for Starmalls is shown.

**Table 9: Valuation overview of Starmalls**

<b>Starmalls valuation ranges (PHP million)</b>	<b>Low</b>	<b>High</b>
Current share price	68,925	68,925
1-month share price	65,386	71,368
3-month share price	58,982	71,537
6-month share price	55,274	71,537
12-month share price	55,274	71,537
EV/EBITDA 2015F-2017F	23,601	51,645
P/E 2015F-2017F	19,316	46,852
P/B 2015 H1	64,548	64,548
Through-the-cycle EV/EBITDA	35,706	35,706
Through-the-cycle P/E	33,451	33,451
Adjusted NAV	26,366	26,366
Discounted cash flow	41,261	48,621
<b>Valuation range</b>	<b>35,000</b>	<b>45,000</b>

### 3. Valuation of Vista Land Group

#### A. Market performance of Vista Land Shares

The chart below sets out the daily market closing prices and trading volume of Vista Land Shares on the PSE, to illustrate the market performance of Vista Land Shares from January 2010 to the Last Practicable Date, and points out selected key events over that period.

**Chart 5: Share price evolution of Vista Land Shares**



Source: Bloomberg

The annual compounded share price return since January 2010 amounts to 19.2%. This share price performance stands out when compared to an annual compounded return of 15.3% posted by the PSEi since January 2010.

Following selected key news items are noted over the period under consideration:

1. September 2010: Vista Land announces to launch several low-rise and medium-rise residential buildings valued at PHP 7.5 billion.
2. February 2012: Platinum Investments, an Australian investment fund manager, acquires a minority interest in Vista Land leading to a 5.02% beneficial ownership. Furthermore, Vista Land announces the construction of eight condominium projects for a total project value of PHP 10 billion.
3. May 2013: Earnings release indicates a jump in net income of 29% compared to the same period in 2012.
4. April 2014: SEC approves the planned retail bond offering worth PHP 5 billion.
5. March 2015: Earnings release indicates an increase of 13% in net income in 2014 compared to 2013 driven by a strong property housing market in the Philippines and a rising middle class.
6. August 2015: Vista Land announces a 10% increase in net income for the first semester of 2015 compared to the same period last year driven by a strong market demand for housing. It expects to sustain the firm's pace of growth for the second half of 2015.
7. October 2015: Merger plans are publicly announced.

The table below gives an overview of the liquidity of Vista Land Shares. Over the 12 months preceding the Last Practicable Date, trading in Vista Land Shares represented 35.81% of the share capital and 88.73% of the free float.

**Table 10: Liquidity analysis - Vista Land**

<b>Liquidity analysis</b>								
	Average share price in PHP	Average daily volumes			Cumulative volumes			
		Number of shares	As % of share capital	As % of free float	Number of shares	As % of share capital	As % of free float	In PHP million
6 November 2015	5.79	14,816,200	0.18%	0.44%	14,816,200	0.18%	0.44%	86
Last week	5.78	10,343,460	0.12%	0.31%	51,717,300	0.62%	1.53%	298
Last month	5.55	8,138,727	0.10%	0.24%	179,052,000	2.13%	5.29%	993
Last 3 months	5.76	8,558,448	0.10%	0.25%	539,182,200	6.42%	15.92%	3,064
Last 6 months	6.37	8,678,209	0.10%	0.26%	1,093,454,300	13.02%	32.28%	6,899
last 12 months	6.70	12,473,557	0.15%	0.37%	3,006,127,200	35.81%	88.73%	19,909

Source: Bloomberg

In the table below we compare the closing price on the Last Practicable Date with the 1 month, 3 month, 6 month and 12 month volume weighted average prices (“VWAPs”):

**Table 11: Vista Land VWAPs**

Period	VWAP (PHP)
Current	5.79
1 month	5.54
3 month	5.68
6 month	6.32
12 month	6.62

### **B. Target prices issued by financial analysts covering Vista Land Shares**

There are a substantial number of equity analysts covering the Vista Land Shares. Based on the most recent broker reports as published before the Last Practicable Date, we derive a median target price of PHP 8.20 with all recommendations being buy/outperform.

**Table 12: Overview of analyst recommendations**

	Target price (PHP)	Recommendation	Estimate date
CLSA Asia-Pacific Markets	7.30	Outperform	07/08/2015
COL Financial Group, Inc	8.84	Buy	15/09/2015
Deutsche Bank	8.95	Buy	06/10/2015
Macquarie Research	7.00	Buy	05/10/2015
Maybank	8.40	Buy	13/08/2015
UBS Investment Bank	8.00	Buy	27/09/2015
<b>Median</b>	<b>8.20</b>		

Based on the target price analysis we obtain a target equity valuation of PHP 58,765 million to PHP 75,136 million, representing a share price of PHP 7.00 tot PHP 8.95.



### C. Comparable companies

In our assessment of the valuation of Vista Land, we have considered the following commonly used valuation multiples:

- Enterprise value to EBITDA (“**EV/EBITDA**”);
- Price-to-earnings ratio (“**P/E**”); and
- Price-to-book ratio (“**P/B**”).

We have considered P/E multiples which provides guidance on the relative earnings potential of the companies, EV/EBITDA multiples (calculated as market capitalisation plus net debt or less net cash plus preferred equity plus minorities minus associates plus unfunded pension liabilities divided by EBITDA for the respective year) which helps to eliminate the differences in capital structures and depreciation policies between the different selected comparables and P/B multiples which provides guidance on the relative premium of the companies’ market capitalisation versus net asset value as the valuation ratios.

We have selected a list of Comparable Companies for our comparison analysis based on the selection criterium that these companies are primarily engaged in real estate development in the Philippines. This selection criterium has provided us with reasonably sufficient samples for comparison purposes.

While Comparable Companies analysis reflects current market sentiment towards the sector and provides guidance on valuation, our analysis does not take into account differences in accounting policies and standards as well as differences in business models and/or tax treatments, nor does it take into account any possible unique characteristic(s) of different companies and no adjustments have been made to account for such differences.

We have conducted our analysis and identified eight companies based on the abovementioned selection criterium which we consider to be the closest comparables to Vista Land. Of these eight comparable companies, six are mentioned as direct competitors in Vista Land’s 2014 annual report, namely Ayala Land, Filinvest Land, Megaworld, Robinsons Land, SM Prime Holdings and 8990 Holdings. The Comparable Companies are set out in the table below. The valuation multiples of the Comparable Companies are based on their respective share prices as at the Last Practicable Date, their respective balance sheet items as at 30 June 2015 and consensus broker estimates for 2015, 2016 and 2017 EBITDA and earnings.

**Table 13: Comparable companies of Vista Land**

Company	MC <sup>(1)</sup> (PHP million)	EV <sup>(2)</sup> (PHP million)	EV/ EBITDA <sup>(3)</sup>			P/E <sup>(4)</sup>			P/B <sup>(5)</sup>
			2015	2016	2017	2015	2016	2017	2015 H1
Ayala Land	538,595	640,080	18.8x	16.0x	13.9x	31.1x	26.0x	22.4x	4.3x
Century Properties	6,960	17,755	5.9x	5.0x	5.1x	3.4x	3.2x	2.8x	0.5x
Filinvest Land	42,437	76,914	11.9x	10.6x	9.3x	8.5x	7.1x	6.2x	0.8x
Megaworld	149,913	182,013	12.8x	10.4x	9.3x	14.2x	12.3x	11.2x	1.3x
Robinsons Land	122,406	144,039	13.0x	11.2x	n.a.	20.5x	17.5x	n.a.	2.2x
Rockwell Land	9,175	17,960	5.2x	4.6x	4.0x	5.0x	4.3x	3.6x	0.7x
SM Prime Holdings	629,567	731,803	18.4x	16.2x	14.4x	26.5x	25.2x	22.4x	3.1x
8990 Holdings	36,088	47,169	11.4x	9.3x	7.9x	8.9x	7.5x	6.3x	2.3x
<b>Median</b>			<b>12.3x</b>	<b>10.5x</b>	<b>9.3x</b>	<b>11.6x</b>	<b>9.9x</b>	<b>6.3x</b>	<b>1.8x</b>
<b>Average</b>			<b>12.2x</b>	<b>10.4x</b>	<b>9.1x</b>	<b>14.8x</b>	<b>12.9x</b>	<b>10.7x</b>	<b>1.9x</b>

Sources: Bloomberg, Capital IQ, Company filings

Notes:

(1) Market capitalisation of the Comparable Companies is based on the closing share prices on the Last Practicable Date

(2) Enterprise value is calculated by adding up net financial debt to market capitalisation, with net financial debt calculated as interest bearing debt minus cash and cash equivalents plus preferred equity plus minorities minus associates plus unfunded pension liabilities

- (3) *EV/EBITDA multiples are calculated based on the enterprise value (using the respective share prices as at the Last Practicable Date), divided by the respective consensus EBITDA for the 12-month period ending on 31 December 2015, 31 December 2016 and 31 December 2017*
- (4) *P/E multiples are calculated based on the market capitalisation (using the respective share prices as at the Last Practicable Day), divided by the respective consensus earnings for the 12-month period ending on 31 December 2015, 31 December 2016 and 31 December 2017*
- (5) *P/B multiples are calculated based on market capitalisation (using the respective share prices as at the Last Practicable Day), divided by the respective shareholders' equity as at 30 June 2015 excluding preferred equity and minorities, if applicable*

1) EV/EBITDA method

By applying the Comparable Companies' median EV/EBITDA 2015, 2016 and 2017 multiples on Vista Land's 2015F, 2016F and 2017F EBITDA as estimated by management, we obtain an equity value range of PHP 71,252 million to PHP 79,284 million, representing a share price range of PHP 8.49 to PHP 9.44.

2) P/E method

By applying the Comparable Companies' median P/E 2015, 2016 and 2017 multiples on Vista Land's 2015F, 2016F and 2017F earnings as estimated by management, we obtain an equity value range of PHP 48,860 million to PHP 72,618 million, representing a share price range of PHP 5.82 to PHP 8.65.

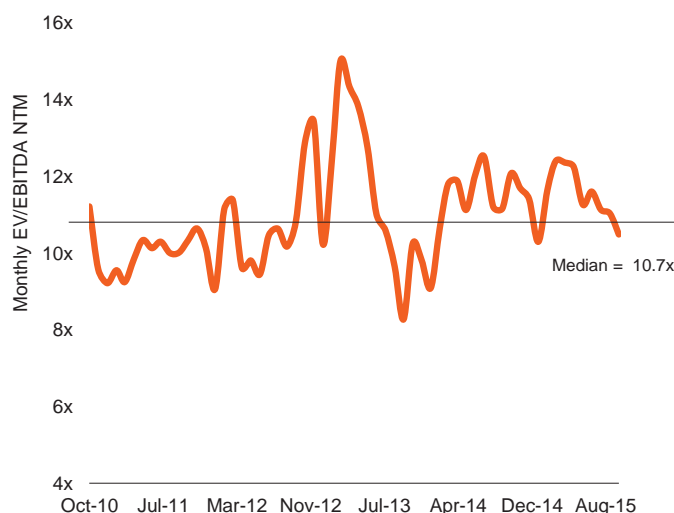
3) P/B method

By applying the Comparable Companies' median P/B 2015 H1 multiple on Vista Land's 2015 H1 book value, we obtain an equity value of PHP 99,647 million, representing a share price of PHP 11.87.

4) Through-the-cycle EV/EBITDA method

The through-the-cycle EV/EBITDA method is based on median rolling monthly EV/EBITDA NTM trading multiples of the Comparable Companies since October 2010. The median (through-the-cycle) value of these rolling trading multiples amounts to 10.7x.

**Chart 6: Vista Land rolling Comparable Companies median EV/EBITDA NTM since October 2010**

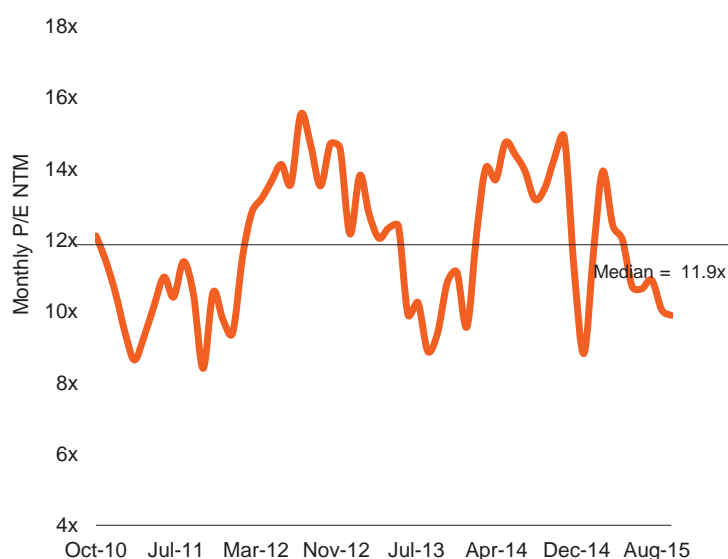


By applying the latter through-the-cycle EV/EBITDA multiple on Vista Land's 2016F EBITDA as estimated by management, we obtain an equity value of PHP 73,175 million, representing a share price of PHP 8.72.

5) Through-the-cycle P/E method

The through-the-cycle P/E method is based on median rolling monthly P/E NTM trading multiples of the Comparable Companies since October 2010. The median (through-the-cycle) value of these rolling trading multiples amounts to 11.9x.

**Chart 7: Vista Land rolling Comparable Companies median P/E NTM since October 2010**



By applying the latter through-the-cycle P/E multiple on Vista Land's 2016F earnings as estimated by management, we obtain an equity value of PHP 82,387 million, representing a share price of PHP 9.81.

**D. Adjusted NAV valuation**

The land bank recorded in Vista Land's balance sheet is measured using the cost method. However, in September 2015, Vista Land secured the services of an independent firm of appraisers to determine the fair market values of the company's land bank as at 30 June 2015.

The adjusted NAV method reflects the book value of equity corrected for the fair value of the land bank as determined by the independent firm of appraisers. The result of this method can be found in the table below:

**Table 14: Vista Land adjusted NAV**

<b>Adjusted NAV valuation</b>	<b>(PHPm)</b>
Total assets as at 30 June 2015	118,786
Total liabilities as at 30 June 2015	62,538
Unadjusted NAV as at 30 June 2015	56,248
Fair value land and improvements	99,804
Land and improvements at cost in balance sheet as at 30 June 2015	26,588
Tax on capital gain (@30%)	(21,965)
<b>Adjusted NAV as at 30 June 2015</b>	<b>107,500</b>
Discount to NAV applied by analysts on peer group	36%
<b>Resulting equity valuation</b>	<b>69,143</b>

Source: Appraisal report prepared by Vitale Valuation Services

Vista Land's comparable companies are trading on average at a discount to NAV. By comparing the average NAV per share calculated by brokers covering Vista Land's comparable companies to the respective share prices as per the Last Practicable Date, we obtain an average comparable company discount to NAV of 36%. By applying this discount on the adjusted NAV, we obtain an equity value of PHP 69,143 million, representing a share price of PHP 8.24.

### E. Discounted cash flow

The estimated free cash flows of Vista Land rely on the projections made by the Vista Land’s management with regard to future performance. It should be noted that these financial projections cover the period 2015 up to 2020 and include views on future evolutions at the level of revenues, EBITDA, EBIT, tax rate, working capital and capital expenditures (together referred as the “**Vista Land Business Plan**”).

The Vista Land Business Plan contains among others the following hypotheses:

- A projected sales growth ranging between 8.3% and 10.8% per year over 2015-2020 based on: (i) secured revenues until 2017 driven by current reservation sales, (ii) the strong housing demand in the Philippines, particularly for the low cost and affordable segment, (iii) favourable demographics with almost 73% of the population aged 39 and below, (iv) low mortgage penetration of 3.1% which is expected to pick up to regional peer levels and (v) a high quality land bank of 2,458 hectares across the Philippines which allows further growth until after the business plan period;
- EBITDA margins of 32% driven by profit margins which have historically been around 50%; and
- An effective tax rate of 8% driven by tax relief received for offering low-cost housing, mainly through the “Communities Philippines” subsidiary.

Terminal value is calculated by applying the Gordon and Shapiro method to a normative free cash flow based on the following assumptions:

- A normative net operating profit less adjusted taxes (“**NOPLAT**”) in 2021 is used as starting point, based on a long term growth rate of 4%, EBITDA margin of 32% and effective tax rate of 8%; and
- New investments are assumed to earn a return on invested capital (“**ROIC**”) of 11.0%, which is slightly higher than the used discount rate referred to below. ROIC on new investments is referred to as return on new invested capital (“**RONIC**”).

The free cash flows over 2015H2-2020 and the terminal value are discounted to 30 June 2015 using a discount rate of 10.89%. This discount rate has been determined using among others the CAPM approach for calculating the cost of equity. The underlying assumptions adopted in determining the discount rate are based on:

- An unlevered beta of 0.80 consistent with the median of the unlevered beta’s of the peer group calculated and adjusted by Bloomberg as a regression on the Philippines Stock Exchange PSEi Index using weekly data over a 2 year period preceding the Last Practicable Date ;
- A risk-free rate of 3.9% representing the average yield-to-maturity on 10 year Philippines government bonds over a two year period preceding the Last Practicable Date;
- A market risk premium of 8.3% based on the reference market risk premium for the Philippines as set out by Professor Damodaran of the NYU Stern School of business;
- A cost of debt (pre-tax) of 5.9%, based on the coupon rate of Vista Land’s 7 year retail bonds;
- An effective tax rate of 8% based on management estimates; and
- A gearing ratio (financial debt/market value of equity) of 50%.

Based on these assumptions, the discounted cash flows valuation results in an equity value between PHP 49,692 million and PHP 62,720 million, corresponding to a share price between PHP 5.92 and PHP 7.47 (see table 15).

**Table 15: Sensitivity analysis Vista Land DCF on WACC, terminal growth rate and RONIC**

		Equity value as at 30 June 2015				
		WACC				
		10.39%	10.64%	10.89%	11.14%	11.39%
Terminal growth rate	3.0%	62,311	59,103	56,105	53,296	50,660
	3.5%	62,692	59,310	56,162	53,225	50,479
	4.0%	63,134	59,548	56,228	53,145	50,275
	4.5%	63,650	59,825	56,304	53,052	50,040
	5.0%	64,262	60,152	56,394	52,945	49,769

Equity value as at 30 June 2015		WACC				
		10.39%	10.64%	10.89%	11.14%	11.39%
RONIC %	9.0%	54,234	51,090	48,177	45,471	42,951
	10.0%	59,129	55,742	52,605	49,692	46,979
	11.0%	63,134	59,548	56,228	53,145	50,275
	12.0%	66,471	62,720	59,247	56,023	53,021
	13.0%	69,295	65,404	61,802	58,458	55,345

In table 15 above, the outcome of a sensitivity analysis is shown on the discount rate by increasing or decreasing it with 0.25% (i.e. resulting in a discount rate ranging between 10.64% and 11.14%), varying the long term growth rate between 3.5% and 4.5% and varying RONIC between 10.0% and 12.0%.

#### F. Valuation overview

In table 16 below, the outcome of the different valuation methodologies for Vista Land is shown.

**Table 16: Valuation overview Vista Land**

Vista Land valuation ranges (PHP million)	Low	High
Current share price	48,607	48,607
1-month share price	43,402	48,943
3-month share price	42,227	61,032
6-month share price	42,227	62,543
12-month share price	42,227	72,113
EV/EBITDA 2015F-2017F	71,252	79,284
P/E 2015F-2017F	48,860	72,618
P/B 2015 H1	99,647	99,647
Through-the-cycle EV/EBITDA	73,175	73,175
Through-the-cycle P/E	82,387	82,387
Broker target price	58,765	75,136
Adjusted NAV	69,143	69,143
Discounted cash flow	49,692	62,720
<b>Valuation range</b>	<b>55,000</b>	<b>65,000</b>

## **APPENDIX TO THE VALUATION REPORT: DESCRIPTION OF COMPARABLE COMPANIES**

### **Ayala Land, Inc.**

Ayala Land, Inc. operates as a diversified real estate developer in the Philippines, covering two main business segments: (i) Property Development, which includes the sale of residential lots and units, office spaces, as well as commercial and industrial lots and (ii) Commercial Leasing, which includes the company's shopping centers, office leasing, hotels and resorts operations. Property Development accounted for PHP 61.8 billion of revenues in 2014, while the smaller Commercial Leasing segment accounted for PHP 21.1 billion of revenues in 2014.

The company's shopping center portfolio includes Greenbelt, Glorietta, Market!, Metro Point, Alabang Town Center, Trinoma, Fairview Terraces, Bonifacio High Street in Metro Manila and Ayala Center Cebu, Abreeza, Marquee, Centrio, Harbor Point outside of Metro Manila.

### **Central Pattana Public Company Limited**

Central Pattana's main activity is retail property development in Thailand. The company owns and manages approximately 24 shopping centers, seven office buildings, two hotels, and two residential condominiums. Next to real estate development and management, Central Pattana is also active in selling food and beverages in its shopping centers.

### **Century Properties Group, Inc.**

Century Properties Group is a real estate developer in the Philippines. It was formerly known as East Asia Power Resources Corporation and changed its name to Century Properties Group in September 2011. The company is primarily engaged in the development, marketing, and sale of mid- and high-rise condominiums and single detached homes, retail and office space leasing and property management.

As of December 2014, the company completed six residential condominium buildings, a shopping mall (Century City Mall) and medical office building. These completions are in addition of the 19 buildings that were completed prior to 2010 by the founding principals' prior development companies. The company generated PHP 11.3 billion of revenues in 2014.

### **Filinvest Land, Inc.**

Filinvest is a real estate developer in the Philippines providing a wide range of real estate products to residential and commercial customers. The company has over 50 years of real estate expertise and has developed over 2,500 hectares of land, having provided homes to over 200,000 families. The company owns Festival Supermall, a shopping complex within the Filinvest City development in Alabang.

The company's activities are split into two main segments: (i) Real Estate Sales which include residential projects (socialised, affordable, middle-income and high-end housing) and other real estate projects (entrepreneurial communities, townships, leisure projects, medium rise buildings, high rise buildings and condotels) and (ii) Leasing Operations, which are retail and office activities generating rental revenues. The Real Estate Sales segment realised PHP 15.1 billion of revenues in 2014, while the Leasing Operations segment generated PHP 2.3 billion of revenues in 2014.

### **Megaworld Corp.**

Megaworld is active in property development in the Philippines and primarily engages in the development in Metro Manila of large-scale mixed-use planned communities or community townships. The company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, as well as office projects and retail space. Megaworld's retail space portfolio includes a range of malls: Eastwood Mall, The Clubhouse, Venice Piazza, Burgos Circle, California Garden Square, Newport Mall and Lucky Chinatown.

The company has three primary business segments: (i) real estate sales of residential and office developments, (ii) leasing of office and retail space and (iii) management of hotel operations which generated respectively PHP 29.5 billion, PHP 7.3 billion and PHP 0.7 billion of revenues in 2014.

**Robinsons Land Corp.**

Robinsons Land is a real estate developer in the Philippines engaged in the development and operation of shopping malls and hotels, the development of mixed-use properties, office and retail buildings, as well as land and residential housing developments.

The company's operations are split into four main business segments: (i) the Commercial Centers Division which develops, leases and manages shopping malls, (ii) the Residential Division which develops and sells residential developments, (iii) the Office Buildings Division which develops office buildings for sale and (iv) the Hotels Division which owns and operates hotels in Metro Manila. The different segments generated respectively PHP 8.2 billion, PHP 5.9 billion, PHP 1.5 billion and PHP 1.5 billion of revenues in 2014.

Robinsons Land's Commercial Center Division operated 38 shopping malls in the Philippines as per September 2014, of which eight in Metro Manila. The company has another seven malls and three expansion projects in the planning and development stage for the next two years.

**Rockwell Land Corp.**

Rockwell Land is a property developer for residential and commercial projects focused on the high-end and upper-mid markets in Metro Manila. It is primarily engaged in the residential development of high-rise condominiums as well as in retail and office leasing.

Rockwell Land's Residential Development segment generated PHP 7.4 billion of revenues in 2014, while its Commercial Development segment generated PHP 1.4 billion of revenues.

**SM Prime Holdings, Inc.**

SM Prime Holdings is a real estate company in the Philippines operating in four different business segments: (i) Malls segment, which currently operates and maintains 50 shopping malls in the Philippines, (ii) Residential segment which engages in property development and sales, (iii) Commercial segment which engages in development and leasing of office buildings in prime locations in Metro Manila and (iv) Hotels and Convention Centers segment which develops and manages hotel and convention center properties. The four segments generated respectively PHP 38.7 billion, PHP 22.7 billion, PHP 2.9 billion and PHP 2.0 billion of revenues in 2014.

**8990 Holdings, Inc.**

8990 Holdings is a low-cost mass housing developer in the Philippines. The company operates through five different segments: (i) low-cost mass housing, (ii) medium-rise condominium units, (iii) timeshare and (iv) hotel operations. The company's segments generated respectively PHP 6.7 billion, PHP 0.8 billion, PHP 0.08 billion and PHP 0.1 billion of revenues in 2014.

## **Vista Land to acquire Starmalls** ***Strengthening position as a top 4 integrated property developer***

Vista Land & Lifescapes, Inc. (“Vista Land”), the country’s largest homebuilder, will acquire a controlling 88.25% stake in Starmalls, Inc. (“Starmalls”) from the Fine Group, comprising shareholders affiliated with the family of Mr. Manuel B. Villar, Jr. (the “Starmalls Acquisition”). Vista Land and Starmalls are both principally owned by the Villar Family. The agreed purchase price of ₱4.51 per Starmalls share represents a significant 44.87% discount to Starmalls’ last traded price of ₱8.18 per share as of 9 November 2015. The Fine Group will in turn subscribe to approximately 4.6 billion new Vista Land shares at ₱7.15 per share, representing a 25.88% premium to Vista Land’s last traded price of ₱5.68 per share as of 9 November 2015. A tender offer will be conducted for the remaining Starmalls shares under the same terms and conditions.

Starmalls owns and operates 10 retail malls in key cities and municipalities, and two business process outsourcing (“BPO”) commercial centers in Metro Manila, with a combined gross floor area of 509,385 square meters. It also has four retail malls and one BPO commercial center currently under construction. The Starmalls Acquisition will see Vista Land’s total assets increase by 29% from ₱123.3 billion to ₱158.9 billion.

Vista Land CEO Manuel Paolo A. Villar said that the Starmalls Acquisition is expected to accelerate Vista Land’s transition to a fully integrated property developer with extensive synergies and a clear focus on integrated *Communities*. The combined business’ enhanced scale will also strengthen Vista Land’s balance sheet and funding flexibility. “This acquisition introduces a recurring revenue source that adds stability to our existing operations. As we integrate both platforms, the complementary nature of residential and commercial developments will enable us to achieve higher selling prices, increased sales velocity and higher retail rental rates from our improved integrated product offering, as well as lower land acquisition and infrastructure costs,” he said. “We have identified about 100 areas or over 600 hectares of land from our existing *Communities* around the country with ready population catchment areas for potential Starmalls projects.”

Vista Land Chairman Manuel B. Villar, Jr. added, “We believe that the acquisition of Starmalls, with its retail malls and BPO commercial centers, is transformative for Vista Land and represents a major step to realizing our vision of becoming a top integrated real estate developer.”

Vista Land reported revenues of ₱18.5 billion and a net income of ₱5.0 billion for the first nine months of the year, 10% and 18% higher than last year’s ₱16.9 billion and ₱4.2 billion, respectively. Sales also remained strong at ₱42.7 billion compared to last year’s ₱38.7 billion. Vista Land’s consolidated assets as of 30 September 2015 totaled ₱123.3 billion. Capital expenditures for the first nine months of 2015 registered at ₱18.6 billion.

Vista Land and Starmalls have together built more than 300,000 homes and 22 commercial buildings and have an established presence in 92 cities and municipalities across 35 provinces. Combined, they would have the widest geographical reach in the real estate business and establish itself as a top 4 integrated property developer.

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