

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Atty. Federico G. Noel, Jr.

(Contract Person)

370-2700

(Company Telephone Number)

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Month Day
(Fiscal Year)

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(Form Type)

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398</
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Dept. Requiring this Doc.

Amended Articles Number/Section

[illegible]

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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



1. For the fiscal year ended: 31 December 2015
2. SEC Identification Number: 145490 3. BIR Tax Identification No. 000-144-386

4. Exact name of Issuer as specified in its charter: SHANG PROPERTIES, INC.

5. Philippines 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization

7. Level 5, Administration Offices, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard, Mandaluyong City 1550
Address of principal office Postal Code

8. (632) 370-2700
Issuer's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	4,764,056,287 common shares (* not included are the Issuer's 2,695 treasury shares)

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

Yes ☒ No ☐

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

12. Check whether the Issuer:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

13. State the aggregate market value of the voting stock held by non-affiliates of the Issuer. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such

stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The aggregate market value of the voting stock held by non-affiliates of the Issuer as of 31 March 2016:
4,080,164,509.96.

Assumptions:

(a)	Total no. of shares held by non-affiliates as of 31 March 2016	:	1,324,728,737
(b)	Closing price of the Issuer's shares on the Exchange on 31 March 2016	:	P3.08
(c)	Aggregate market price of (a) as of 31 March 2016	:	4,080,164,509.96

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

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

Yes ☐ No ☐

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders;
- (b) Any information statement filed pursuant to SRC Rule 20;
- (c) Any prospectus filed pursuant to SRC Rule 8.1.

None of the above documents are incorporated herein by reference.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Furnish the information required by Part I, Paragraph (A) of "Annex C, as amended".

- (a) Description of Business

- (1) Business Development

The Issuer was first incorporated on 21 October 1987. It was initially named the Shangri-La Properties, Inc., then MUI Resources Philippines, Inc., then Edsa Properties Holdings Inc. [EPHI], before its present name, Shang Properties, Inc. Since its incorporation, it has not been the subject of any bankruptcy, receivership or similar proceedings. For the last three years prior to the submission of this 2013 Annual Report and to date, Issuer has not also undergone any material reclassification, or purchase or sale of a significant amount of assets not classified as ordinary.

In the three (3) years prior to its 2014 Annual Report, the significant developments in Issuer's business are as follows:

On 28 May 2008, Shang Global City Properties, Inc., of which Issuer's subsidiary Shang Global City Holdings, Inc., is an equity holder to the extent of 40%, entered into a Deed of Absolute Sale with Fort Bonifacio Development Corporation ("FBDC"), for the purchase of a 15,120 sqm. parcel of land within the development in Taguig City, Philippines, known as the Bonifacio Global City. A luxury hotel and condominium development is envisioned to be constructed on this property.

On 30 June 2008, the Issuer and its wholly-owned subsidiary, Shang Fort Bonifacio Holdings, Inc. (SFBHI), entered into a Shareholders' Agreement (Agreement) with Oceans Growth Limited (OGL), a subsidiary of Shangri-La Asia Limited (SA), and Alphaland Corporation (AC). Under the Agreement, SFBHI shall cause its wholly-owned subsidiary, Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI) to issue 5,000 common shares to OGL and 2,500 common shares to AC such that upon completion of the issuance to, and, subscription by OGL and AC, FBSHI shall become a joint venture company with the following ownerships structure:

SFBHI	-	40%
OGL	-	40%
AC	-	20%
		<u>100%</u>

On 02 April 2014, the Issuer's wholly owned subsidiaries, Shang Global City Holdings, Inc., and Shang Fort Bonifacio Holdings, Inc., acquired Alphaland Development, Inc.'s Twenty Per Cent (20%) equity in Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc.

On 02 September 2014, the SEC approved the merger between Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc., with Shang Global City Properties, Inc., as the surviving entity.

On 09 November 2009, the Issuer entered into a Memorandum of Agreement with its subsidiary Shang Properties Realty Corporation ("SPRC") (formerly, The Shang Grand Tower Corporation), wherein Issuer agreed with SPRC to develop a portion of Issuer's Property located at Edsa cor. Shaw Blvd., Mandaluyong City, into another commercial / retail building ("Project") comprised of a shopping mall, parking facilities, and high-rise residential condominium building to be known as "One Shangri-La Place". Under the MOA, Issuer commits to transfer a portion of its Property where the Project will be constructed, and to contribute up to PHP TWO BILLION FIVE HUNDRED MILLION and 00/100 (PHP2,500,000,000.00) to partially fund the construction of the Project. SPRC, for its part, will put up the rest of the funding required for the construction of the Project. On 20 September 2013, Shang Properties Realty Corporation purchased the Property from Issuer.

On 31 March 2011, Issuer's subsidiary, Shang Property Developers, Inc. executed a Deed of Absolute Sale with Asian Plaza I Condominium Corporation and Asian Plaza, Inc. (both are Filipino corporations), for the purchase of the mixed use condominium project known as the Asian Plaza I and the parcel of land of which said project stands, for a consideration of PHP SIX HUNDRED FIFTEEN MILLION and 00/100 (PHP615,000,000.00). The Asian Plaza I is located at the corner of Gil Puyat Ave., Tordesillas St. and H. V. de la Costa St., Salcedo village, Makati City.

On 27 June 2011, Issuer purchased L'Hirondelle Holdings, Inc.'s 50million common shares and 270million preferred shares in Shangri-La Plaza Corporation ("SLPC") (representing 21.28% equity in SLPC), for a total consideration of P450,000,000.00. Said sale increased Issuer's equity in SLPC from 78.72 % previously to 100%, making SLPC a wholly-owned subsidiary of Issuer. SLPC owns and operates the mall establishment known as the Shangri-La Plaza which is located in Mandaluyong City.

As noted above, on 02 September 2014, the SEC approved the merger between Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc., with Shang Global City Properties, Inc., as the surviving entity. Other than this merger, Issuer's other subsidiaries have not undergone any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not classified as ordinary.

Business of Issuer

(A) Description of Issuer

- (i) The Issuer is a property development, real estate management and investment holding company. It is publicly subscribed and was listed in the Philippine Stock Exchange in April 1999. Its significant and active subsidiaries are as follows:

- Shangri-La Plaza Corporation (100% owned by Issuer);
- SPI Parking Services, Inc. (formerly EDSA Parking Services, Inc.) (100 % owned by Issuer); and
- Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation (100 % owned by Issuer)
- EPHI Logistics Holdings, Inc. (60% owned by Issuer)
- Shang Global City Holdings, Inc. (100% owned by Issuer)
- Shang Fort Bonifacio Holdings, Inc. (100% owned by Issuer)
- Shang Property Management Services Corporation (formerly EPHI Project Management Services Corporation) (100% owned by Issuer)
- KSA Realty Corporation (52.90% owned by Issuer)
- Shang Property Developers, Inc. (100% owned by Issuer)
- Shang Global City Properties, Inc. (60% owned through the Issuer's wholly owned subsidiaries Shang Global City Holdings, Inc., and Shang Fort Bonifacio Holdings, Inc.)
- The Rise Development Company, Inc. (100% owned through Issuer's wholly owned subsidiary KPPI Realty Corporation)
- Shang Wack Wack Properties, Inc. (100% owned by Issuer)

Shangri-La Plaza Corporation was incorporated on 06 January 1993 to invest in, purchase, own, hold, lease and operate the Shangri-La Plaza Shopping Complex located at Mandaluyong City, Philippines. Its primary business is leasing. The Shangri-La Plaza Shopping Complex houses Rustan's department store, theater, cinema, restaurants, fast-food outlets, boutiques and specialty stores. Its tenants are leading international and local retailers such as Marks & Spencer, Escada, Hugo Boss, Rustan's, Zara, Debenhams, Armani, etc., which caters to the upscale market.

SPI Parking Services, Inc. ("SPSI") was incorporated on 14 November 2001 to own and/or manage and operate carpark facilities including those surrounding the Shangri-La Plaza Shopping Complex, and to render such other services as may be related or incidental to the management and operation of said carpark facilities.

The Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) was incorporated on 20 August 2003 as a realty development company. It constructed The Shang Grand Tower, a high rise luxury condominium at the heart of the Makati Commercial Business District. It is also the owner and developer of The St. Francis - Shangri-La Place, a two-tower high rise residential condominium located in Ortigas, Mandaluyong City. It is also the owner and developer of One Shangri-La Place, a mixed use high rise development located at EDSA cor. Shaw Blvd., Mandaluyong City.

EPHI Logistics Holdings, Inc., was incorporated on 20 August 2002 as a holding company.

Shang Global City Holdings, Inc., was incorporated on 11 December 2007 as a holding company.

Shang Fort Bonifacio Holdings, Inc., was incorporated on 11 December 2007 as a holding company.

Shang Property Management Services Corporation was incorporated on 10 October 2006 for the purpose, among others, of acting as managing agents or administrators of Philippine corporations with respect to their business or properties.

KSA Realty Corporation was incorporated on 03 August 1990 as a realty development company. It owns The Enterprise Center, one of the most modern and luxurious office buildings in the country which is located at the heart of the Makati Central Business District.

Shang Property Developers, Inc. which was incorporated on 17 December 2010 as a realty development company. It is the owner and developer of the Shang Salcedo Place, a residential condominium located in Sen. Gil Puyat Ave. cor. Tordesillas St., H.V. de la Costa St., Salcedo Village, Makati City. It is slated for completion in 2015.

Shang Global City Properties, Inc., was incorporated on 13 December 2007. By virtue of the SEC approved merger between Shang Global City Properties, Inc. and Fort Bonifacio Shangri-La Hotel, Inc., Shang Global City Properties, Inc., is now the owner and developer of the hotel and residential development known as Shangri-La at the Fort. The residential component of the development has commenced pre-selling.

The Rise Development Company, Inc., will be joint venturing with Vivelya Development Company, Inc., for the development of a mixed use development to be known as The Rise, located in Malugay St., San Antonio Village, Makati.

Shang Wack Wack Properties, Inc., was incorporated on 13 January 2016 as a realty development company.

- (ii) Issuer's subsidiary, Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) and Shang Property Developers, Inc. sold units of the condominium development The St. Francis Shangri-La Place to non-resident Filipinos and foreigners, but not exceeding 40% of the total no. of units. It has been selling units of the One Shangri-La Place, its latest condominium development, but subject to the limitation that not more than 40% of the total number of units shall be sold to foreigners. Issuer's subsidiary Shang Property Developers Inc. has also started selling units to its residential condominium development, Shang Salcedo Place, sales for which are also subject to the 40% alien ownership limitation.
- (iii) This is not applicable to the Issuer. It is primarily a holding company and therefore has no direct distribution methods of products and services.
- (iv) Neither the Issuer nor its subsidiaries have new products or services which may be described as requested in this particular section.
- (v) Insofar as the Issuer's competitors are concerned, the Issuer's competitors are upper middle to high end real estate companies who are involved in property development such as Ayala Land and Megaworld. Issuer can and will be able to compete in the property development industry because of its strong financial position, international expertise and strong brand position. For the Shangri-La Plaza Corporation, its competitors are entities operating similar upscale malls such as Rockwell, Podium, and Greenbelt 3. The Shangri-La Plaza Corporation is not threatened by competition where it is the only truly upscale commercial complex in its geographic location, and where it is continuously upgrading its facilities in order to cater to its upscale market. SPSP's competitors are those entities who are into carpark management and operation. SPSP is in a healthy financial position and has the expertise to efficiently and viably operate its carpark facilities.
- (vi) This section on raw materials and suppliers is not applicable to the Issuer nor to its subsidiaries by reason of the nature of their businesses as herein described.
- (vii) Neither the Issuer nor its subsidiaries operations and businesses are dependent on a single customer, the loss of which would have a material adverse effect on the Issuer and its subsidiaries taken as a whole, by reason of the nature of their businesses as described herein.
- (viii) On transactions with and/or dependence on related parties:

With Issuer's subsidiaries:

a. With Shangri-La Plaza Corporation (SLPC)

i) A portion of the Issuer's land where the Shangri-La Plaza Mall is located is being leased to SLPC. The lease is for a period of twenty five (25) years from 06 January 1993. Rental income is calculated at 10% of SLPC's annual rental income from mall operations plus a certain percentage of the carpark's net income.

ii) Issuer and SLPC have in turn entered into an agreement whereby SLPC shall lease said mall facility from Issuer of a period of five (5) years commencing on September 2012, renewable upon

mutual agreement of the Parties. Rental income is calculated at 12% of SLPC's annual rental income from mall operations.

b. With SPI Parking Services, Inc. (SPSI)

On 16 January 2002, the Issuer entered into an agreement with SLPC and SPSI. Under the terms and conditions of the agreement, SPSI will be granted limited usufructuary rights over the Issuer's parking spaces for a consideration equivalent to a certain percentage of SPSI's gross income less direct and indirect expenses. The agreement has been renewed annually and subsists to date.

c. With Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)

On May 8, 2005, the Issuer entered into a Memorandum of Agreement ("MOA") with Shang Properties Realty Corporation ("SPRC") whereby Issuer, as registered owner of a parcel of land located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City ("Property"), agreed with SPRC for the latter to develop the Property into a two-tower high rise residential condominium to be known as The St. Francis Shangri-La Place ("Project"). SPRC shall provide the funding for the Project which was completed in 2009.

The MOA, among others, provides that Issuer, as the owner of the Property, commits to transfer the same, free from all liens and encumbrances, in favor of the Condominium Corporation that will be incorporated upon the completion of the Project. Pending the transfer of the Property to the Condominium Corporation, Issuer shall allow the use of the Property for the construction of the Project, subject to the terms and conditions hereinafter stipulated. SPRC shall provide funding for the construction of the Project. It is the intention of the Parties to allocate the resulting units in the Project between them, with each party taking ownership and possession of its respective allocated units ("Allocated Units"), with full power and discretion on the disposition of the same, subject only the pertinent conditions hereunder contained. The allocation between the Parties of the Net Saleable Area shall be at the ratio of twenty percent (20%) to Issuer and eighty percent (80%) to SPRC subject to adjustment based on mutual agreement of the Parties. The actual designation of the Parties' respective Allocated Units shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties. The Parties also agreed that Seventy Five (75) contiguous parking slots shall be allocated to the Issuer. The allocation of the remaining parking slots net of the 75 slots allocated to Issuer shall be eighty percent (80%) to SPRC and twenty percent (20%) to Issuer subject to adjustment based on mutual agreement of the Parties. The actual designation of the parking slots shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties.

On 09 November 2009, the Issuer entered into a Memorandum of Agreement with its subsidiary Shang Properties Realty Corporation ("SPRC") (formerly, The Shang Grand Tower Corporation), wherein Issuer agreed with SPRC to develop a portion of Issuer's Property located at Edsa cor. Shaw Blvd., Mandaluyong City, into another commercial / retail building ("Project") comprised of a shopping mall, parking facilities, and high-rise residential condominium building to be known as "One Shangri-La Place". This MOA was rescinded by the Parties on 20 September 2013, wherein SPRC purchased the land from Issuer to become both the landowner and developer of the Project.

With Issuer's affiliates:

a. Edsa Shangri-La Hotel & Resort, Inc.

The Issuer leased a portion of its land to an affiliate, Edsa Shangri-La Hotel & Resort, Inc., where the latter's Edsa Shangri-La Hotel is located. The lease is for a period of twenty five (25) years commencing on 28 August 1992, renewable for another twenty five years at the option of the lessee. Rental income is computed on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service payments.

b. With other affiliates:

On 1 January 2001, the Issuer entered into a cost sharing agreement with SLPC and other related companies for the services rendered by the officers of the Company to its related companies. Other transactions with related companies substantially consist of reimbursement of expenses paid for by the Issuer in behalf of its affiliates and vice-versa.

Between Issuer's Affiliates:

- a. Shang Property Management Services Corporation entered into a Memorandum of Agreement with KSA Realty Corporation, pursuant to which the former shall assist the latter in managing and administering the leasing operations of The Enterprise Center.
 - b. Shang Property Management Services Corporation entered into a Memorandum of Agreement with The Enterprise Center Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.
 - c. Shang Property Management Services Corporation entered into a Memorandum of Agreement with The St. Francis Shangri-La Place Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.
 - d. SPI Parking Services, Inc. entered into a Memorandum of Agreement with KSA Realty Corporation, with conformity of The Enterprise Center Condominium Corporation, to administer, manage and operate the TEC Parking Slots as a pay parking facility under a mutually agreeable remuneration scheme.
- (ix) Neither the Issuer's or any of its subsidiaries' businesses are dependent upon or expected to depend upon any patent, trademark, copyright, license, franchise, concession, or royalty agreement.
- (x) Neither the Issuer or any of its subsidiaries have products or services requiring governmental approval.
- (xi) There are no existing governmental regulations which affect or may affect significantly or adversely the Issuer's or any of its subsidiaries' businesses or operations.
- (xii) Neither the Issuer or any of its subsidiaries have allotted any significant amount or portion of their revenues for research and development activities where the same are not highly necessary given the nature of their businesses.
- (xiii) The Issuer, as with the SPI Parking Services, Inc., by the nature of their businesses have no direct obligation to comply with environmental laws. As for the Shangri-La Plaza Corporation, Shang Properties Realty Corporation, and Shang Property Developers, Inc. (for its developments, The Shang Grand Tower, The St. Francis-Shangri-La Place, One Shangri-La Place, and Shang Salcedo Place) the costs of its compliance with environmental laws is not significant given the overall operational costs.
- (xiv) The Issuer has 91 employees to date and does not anticipate adding to said number significantly in the next 12 months. The breakdown as to type is as follows:
- a. Rank and file - 19
 - b. Supervisory - 21
 - c. Managerial - 22
 - d. Executive - 7
 - e. Project based - 22

SPI Parking Services, Inc. (formerly Edsa Parking Services, Inc.) has 20 employees. The breakdown as to type is as follows:

- a. Rank and file - 12
- b. Supervisory - 6

- c. Managerial - 2

Shangri-La Plaza Corporation has 95 employees. The breakdown as to type is as follows:

- a. Rank and file - 27
- b. Supervisory - 50
- c. Managerial - 16
- d. Executive - 2

The Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) has 83 employees. The breakdown as to type is as follows:

- a. Rank and file - 19
- b. Supervisory - 11
- c. Managerial - 14
- d. Project based - 23
- e. Consultancy based - 16

Shang Property Management Services Corporation has 53 employees. The breakdown as to type is as follows:

- a. Rank and file - 8
- b. Supervisory - 6
- c. Managerial - 19
- e. Project based - 20

The Shang Property Developers, Inc. has 24 employees. The breakdown as to type is as follows:

- a. Managerial - 2
- b. Project based - 16
- c. Consultancy based - 6

KSA Realty Corporation has 3 employees. The breakdown as to type is as follows:

- a. Rank and file - 2
- b. Supervisory - 1

The Rise Development Company, Inc., has 72 employees. The breakdown as to type is as follows:

- a. Rank and file - 2
- b. Managerial - 5
- c. Project based - 15
- d. Consultancy based - 50

None of the Issuer's nor its subsidiaries' employees are covered by Collective Bargaining Agreements.

(xv) The major risks faced by Issuer and its subsidiaries in its different lines of businesses are as follows:

- a. Mall operations (of SLPC)

The Shangri-La Plaza Mall faces competition from adjoining malls in the Ortigas area, as well as other high-end malls in Makati. The Mall staff keeps a close eye on the developments and marketing programs of the other malls to ensure that they can respond quickly. A lot of emphasis is placed on maintaining the facilities of the Mall and improving these to ensure that patrons have an enjoyable stay at the Mall. In addition, the Mall's tenant mix is constantly being reviewed to ensure that customers have a wide variety of choices.

b. Office leasing operations (of KSA Realty Corporation, 52.90% owned by Issuer)

KSA Realty Corporation owns and operates The Enterprise Center (TEC). TEC faces competition in the office leasing market from adjoining buildings in Makati. However, because of its superior facilities, TEC has been able to maintain its premium image in the market. TEC occupancy level remains high despite stiff competition.

c. Leasing to the Edsa Shangri-La Hotel (by the Issuer)

The Issuer receives regular rental income based on sales from the Edsa Shangri-La Hotel. At times, this income is affected if the Hotel's occupancy goes down due to events affecting worldwide travel and tourism. The Hotel has shown resiliency, however, and has been able to bounce back quickly from these situations. The recent renovation of the Hotel's rooms and restaurants should further improve the Issuer's income.

d. Parking Operations (by SPI Parking Services Inc.)

The major risk to the parking operations is the proposal, which is being pushed off and on in the Philippine Congress, to prevent commercial establishments from charging parking fees. This will result in chaos and confusion in the parking operations since nothing will prevent car owners in adjoining buildings from using the car park facilities in the complex to the detriment of legitimate mall and hotel patrons. The Company is making representations against this measure in coordination with other mall operators.

e. Residential Condominium Sales

The residential condominium projects of the Issuer's subsidiary, Shang Properties Realty Corporation ("SPRC"), Shang Property Developers, Inc. ("SPDI"), Shang Global City Properties, Inc. ("SGCPI"), and The Rise Development Company, Inc. ("TRDCI"), face competition from other major developers such as Ayala Land and Megaworld. The Issuer is able to compete effectively by offering condominium units that are superior to the other projects in terms of their amenities, design and layout, finishes and professional building management.

Item 2. Properties

Furnish the information required by Part I, Paragraph (B) of "Annex C, as amended".

On properties owned by Issuer:

- (a) A 71,101.00 sqms. property at the heart of Ortigas Center, portions of which are being leased out to the Edsa Shangri-La Hotel and the Shangri-La Plaza Corporation for the operation of the Shangri-La Plaza Mall, while some portions are being utilized as carpark areas.

- (i) Shangri-La Plaza Corporation's lease of the land on which the Shangri-La Plaza Mall stands is for a period of 25 years. Rental therefore is an amount equivalent to 10% of Shangri-La Plaza Corporation's gross rental income. Shangri-La Plaza Corporation has no option to renew the lease.

- (ii) The Edsa Shangri-La Hotel's lease of the land on which it stands is for a period of 25 years. Rental arrangement is as follows:

- from hotel operations: 3% of room sales revenue
- from retail/restaurant and other hotel operations: 5% of sales revenue from food and beverage; 3% of sales revenue from dry goods/ services
- from subleasing operations: 5% of sales revenue from food and beverage; 3% of sales revenue from dry goods/services

The hotel has an option to renew the lease for another 25 years.

- (b) A carpark building also within the 71,101.00 sqms. area, abutting the Shangri-La Plaza Complex, with a gross floor area of 23,625.72 sqm. and 681 slots.

On Properties owned by Issuer's subsidiaries:

- (a) Properties owned by the Shangri-La Plaza Corporation:
 - (i) Shangri-La Plaza Mall, an upscale shopping center at EDSA cor. Shaw Blvd., Mandaluyong City, with a gross floor area of approximately 136,552 sqm.
- (b) Properties owned by the SPI Parking Services, Inc.
 - (i) None. It only manages and operates the carpark facilities described above to be owned by the Issuer.
- (c) Properties owned by Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)
 - (i) The St. Francis – a Shangri-La Place, a two-tower high rise residential condominium located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City which was completed in late 2009. About 98% of the units of said development have been sold to date.
 - (ii) 9,852 sqms of land located at Edsa cor. Shaw Blvd., Mandaluyong City, on which the development One Shangri-La Place has been constructed.
- (d) Properties owned by EPHI Logistics Holdings, Inc.

None.
- (e) Properties owned by Shang Global City Holdings, Inc.

Shang Global City Holdings, Inc., does not directly own any property. However, Shang Global City Properties, Inc., which is 100% owned by Shang Global City Holdings, Inc., has purchased from Fort Bonifacio Development Corporation ("FBDC"), a 15,120 sqm. parcel of land within the development in Taguig City, Philippines, known as the Bonifacio Global City. Shang Global City Properties, Inc., is also the owner and developer of the Shangri-La at the Fort and Horizon Homes located at Crescent Park West District, Fort Bonifacio, Taguig City.
- (f) Properties owned by Shang Fort Bonifacio Holdings, Inc.

None.
- (g) Properties owned by KSA Realty Corporation

The Enterprise Center, an office condominium along Ayala Avenue, Makati City.
- (h) Properties owned by Shang Property Developers, Inc.
 - (i) The residential condominium known as Asian Plaza I and the parcel of land on which its stands located at the corner of Gil Puyat Ave., Tordesillas St. and H. V. de la Costa St., Salcedo Village, Makati City.
 - (ii) Shang Wack Wack Properties, Inc.
 - (i) Shang Wack Wack Properties, Inc. has agreed to purchase four (4) contiguous parcels of land located along Wack-Wack Road, Mandaluyong City.

Except as disclosed above, the Issuer and its subsidiaries are not currently leasing any real property. As at the time of the filing of this report, neither the Issuer nor its subsidiaries intend to acquire any property in the next twelve (12) months.

Item 3. Legal Proceedings

- (a) Furnish the information required by Part I, Paragraph (C) of "Annex C, as amended".
 - (i) On 14 July 1993, a complaint was initially filed before the Pasig Regional Trial Court (RTC-Pasig) by the principal contractor of the Shangri-La Plaza Mall against the Issuer and its Board of Directors for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees, and litigation costs. On 27

October 1998, the RTC-Pasig issued an order directing the parties to arbitrate their dispute under the Arbitration Law. On July 31, 2006, the Arbitral Tribunal that was constituted by the Parties, ordered BF Corporation to file its Statement of Claims, and the Issuer and the other defendants to file their respective Answers thereafter. BF had increased its claims for unpaid billings, change orders, damages, etc., to a total of about P228.6 million. Issuer and the other defendants have put forth counterclaims in the total amount of about P380 million. After due hearings on arbitration and the submission by the Parties of their respective memoranda, the Arbitral Tribunal, in its Decision dated 31 July 2007, ruled that BF is entitled to an award of only P46,905,987.79, while Issuer is entitled to an award of P8,387,484.06. Both Parties have appealed the Decision of the Arbitral Tribunal to the Court of Appeals. The Court of Appeals having issued its Decision on 12 August 2008, both parties have filed petitions for review on certiorari with the Supreme Court. The Supreme Court has yet to release its decision on the case to date.

(ii) On November 23, 2005, Issuer together with The Shang Grand Tower Corporation (a subsidiary of Issuer) (now the Shang Properties Realty Corporation), were named respondents in a case before the Bureau of Legal Affairs of the Intellectual Property Office of the Philippines (BLA-IPPHIL), entitled "ASB Development Corporation v. The Shang Grand Tower Corporation and Edsa Properties Holdings, Inc., for unfair competition, false and fraudulent declaration and damages with application for issuance of a Temporary Restraining Order and Writ of Preliminary Injunction." Complainant ASB alleges that Respondents committed acts of unfair competition and false and fraudulent declaration by the Respondents' use of the terms "St. Francis" for their residential condominium project located along St. Francis St. cor. Shaw Blvd., Mandaluyong City. Issuer is the project owner, while TSGTC is the project developer. On December 19, 2006, the BLA-IPPHIL rendered its decision and ruled that Respondents cannot use the name "St. Francis Towers", but they can use the name "St. Francis - Shangri-La Place". The BLA, however, did not award any damages to ASB stating that no evidence was presented by ASB as to the amount of damages it suffered. Respondents and ASB have both partially appealed the BLA Decision. The Office of the Director General promulgated its Decision on 03 September 2008. ASB appealed said Decision before the Court of Appeals. The Court of Appeals having issued its Decision on 18 December 2009 favoring ASB's position, TSGTC (now SPRC), appealed the same to the Supreme Court. The Supreme Court, in its 21 July 2014 DECISION, which has attained FINALITY, decided in favor of Issuer, and exonerated issuer from charges of unfair competition. Despite the finality of the SC's Decision in this case, there remains an offshoot case pending with the Court of Appeals which has its roots in the opposition filed by ASB (now St. Francis Square Development Corporation) to the use by SPRC of the mark "St. Francis-Shangri-La Place."

- (b) As to any proceeding that was terminated during the fourth quarter of the fiscal year covered by this report, furnish information similar to that required by Part I, Paragraph (C) of "Annex C, as amended", including the date of termination and a description of the disposition thereof with respect to the Issuer and its subsidiaries.

There are none.

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

If any matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.
- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting. Note whether such director was elected as an "independent director" under Section 38 of the Code and SRC Rule 38 thereunder.
- (c) A brief description of each matter voted upon at the meeting and state the number of votes cast for, against or withheld, as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

During the Annual Meeting of the Stockholders of the Issuer held on 18 June 2015, the stockholders approved and ratified the following:

1. Minutes of the Annual Stockholders Meeting held on 24 June 2014;
2. Annual Report of the Company as of 31 December 2014, together with its audited financial statements and accompanying explanatory notes;

3. The acts of the Board of Directors and the Management disclosed in the corporate records since the **24 June 2014** Annual Stockholders Meeting to the date of the Annual Stockholders Meeting on **18 June 2015**;
4. Election of the following members of the Board of Directors for the period **2015-2016**:

- 1) Edward Kuok Khoo Loong
- 2) Danila Regina I. Fojas
- 3) Alfredo C. Ramos
- 4) Benjamin I. Ramos
- 5) Cynthia R. Del Castillo
- 6) Ho Shut Kan
- 7) Maximo G. Licaucó III
- 8) Johnny O. Cobankiat
- 9) Antonio O. Cojuangco
- 10) Manuel M. Cosico
- 11) Wilkie Lee
- 12) Koay Kean Choon
- 13) Kin Sun Andrew Ng
- 14) Federico G. Noel, Jr.
- 15) Wilfred Shan Chen Woo

5. Appointment of **Sycip Gorres Velayo & Co.** as the Issuer's external auditors for FY 2015-2016.

All of the above matters were voted upon and carried by the stockholders of the Issuer by a *unanimous vote*.

- (d) If any matter has been submitted to a vote of security holders otherwise than at a meeting of such security holders, corresponding information with respect to such submission shall be furnished. The solicitation of any authorization or consent (other than a proxy to vote at a stockholders' meeting) with respect to any matter shall be deemed a submission of such matter to a vote of security holders within the meaning of this item.

No matter has been submitted by the Issuer to a vote of its security holders.

- (e) If the issuer has published a report containing all of the information called for by this item, the item may be answered by a reference to the information contained in such report.

The Issuer has not published any such report.

Instructions to Item 4

1. Paragraph (a) need be answered only if paragraph (b) or (c) is required to be answered.
2. Paragraph (b) need not be answered if proxies for the meeting were solicited pursuant to SRC Rule 20, there was no solicitation in opposition to management's nominees as listed in the proxy statement and all of such nominees were elected. If the issuer did not solicit proxies and the board of directors as previously reported to the Commission was reelected in its entirety, a statement to that effect in answer to paragraph (b) will suffice.
3. Paragraph (c) must be answered for all matters voted upon at the meeting, including both contested and uncontested elections.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Furnish the information required by Part II, Paragraph (A)(1) through (4) of "Annex C, as amended".

- (A) Market Price of and Dividends on Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

- (a) The shares of the Issuer are listed and traded on the Philippine Stock Exchange. The high and low sales prices for each quarter within the last two (2) fiscal years of the Issuer's shares are as follows:

Year	High	Low
2015		
First Quarter	P3.34	P3.10
Second Quarter	4.90	3.11
Third Quarter	3.37	3.10
Fourth Quarter	3.29	3.01
2014		
First Quarter	P3.29	P3.05
Second Quarter	3.60	3.08
Third Quarter	3.47	3.20
Fourth Quarter	3.60	3.18

The high and low of Issuer's shares for the period 01 January 2016 to 31 March 2016 are as follows:

High: P3.22

Low: P2.70

The closing price for the Issuer's shares on 31 March 2016 is P3.08.

Part II, paragraph (A) (1) (b) and (A) (1) (c) are not applicable to the Issuer this report not being presented in a registration statement or an information statement.

(2) Holders

- (a) Issuer has common shares only. As of 31 March 2016, the Issuer has 5,391 stockholders. Common shares outstanding as of said date is 4,764,056,287.

The top 20 stockholders of the Issuer as of 31 March 2016 are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1. PCD Nominee Corporation (Filipino)	2,662,902,060	55.90%
2. Travel Aim Investment B.V.	1,648,869,372	34.61%
3. PCD Nominee Corporation (NF)	58,170,061	1.22%
4. KGMPP Holdings, Incorporated	52,925,445	1.11%
5. CCS Holdings, Incorporated	47,633,492	1.00%
6. Pecanola Company Limited	43,175,495	0.91%
7. Kuok Foundation Overseas Limited	37,023,839	0.78%
8. Kuok Brother SDN. BHD.	37,023,839	0.78%
9. GGC Holdings, Incorporated	26,224,322	0.55%
10. Kerry Holdings Limited	26,090,624	0.55%
11. Kuok (Singapore) Limited	24,848,214	0.52%
12. Kerry (1989) Limited	12,424,107	0.26%
13. Kuok Traders (Hong Kong) Ltd.	11,407,363	0.24%
14. Federal Homes, Inc.	4,808,478	0.10%
15. Luxhart Assets Limited	3,975,714	0.08%
16. Yan, Lucio W. Yan & /or Clara	3,142,857	0.07%
17. Antonio O. Cojuangco	3,026,984	0.06%
18. Sysmart Corporation	1,671,231	0.04%
19. Exchange Equity Corporation	1,570,000	0.03%
20. Egan, Victoria Z.	1,099,000	0.02%
	4,708,012,477	98.83%

Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,615,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies.

We are not aware as to the identity of the owners/holders of the other shares.

Travel Aim Investment B.V. (Travel Aim) is the owner of record of 27,150,327 shares held thru a broker, Deutsche Regis Partners, Inc. Travel Aim which also directly owns 1,621,719,045 shares is a subsidiary of Kerry Properties Limited which is a member of the Kuok Group of Companies. We are not aware as to the identity of the owners/holders of the other shares.

Part II, paragraphs (A) (2) (b), (A) (2) (c), and (A) (2) (d) are not applicable to the Issuer, this report not being presented in a registration statement or an information statement.

(3) Dividends

1. Issuer only has common shares on which were declared the following dividends in the two (2) most recent fiscal years:

Cash dividends

2015

- During the regular meeting of the Issuer's Board held on 27 March 2015, the Board approved the declaration of P0.08500 per share cash dividend to all shareholders of record as of 15 April 2015, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2014, to be paid on or before 20 April 2015.
- During the regular meeting of the Issuer's Board held on 18 August 2015, the Board approved the declaration of P0.070 per share cash dividend to all shareholders of record as of 03 September 2015, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2015, to be paid not later than 18 September 2015.

2014

- During the regular meeting of the Issuer's Board held on 19 February 2014, the Board approved the declaration of P.07000 per share cash dividend to all shareholders of record as of 7 March 2014, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2013, to be paid on or before 14 March 2014.
- During the regular meeting of the Issuer's Board held on 14 August 2014, the Board approved the declaration of P0.06500 per share cash dividend to all shareholders of record as of 29 August 2014, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2014, to be paid on or before 10 September 2014.

Stock dividends

No stock dividends were declared by the Issuer during the last 2 fiscal years.

2. Apart from the restrictions imposed by statutes and regulations, there are none internal to the Issuer which hamper or may hamper any declaration of dividends by the Issuer, and for as long as said declarations can be supported by the Issuer's financial position.

3. Recent Sales of Unregistered Securities

No sales of unregistered securities were undertaken by the Issuer during the last three (3) years. Neither have there been sales of reacquired securities as well as new issues, securities issued in exchange for property, services, or other securities, and new securities resulting from the modification of

outstanding securities. Thus, the succeeding requested disclosures under this specific item are not applicable to the Issuer.

Management's Discussion and Analysis (MD&A) or Plan of Operation

Furnish the information required by Part III, Paragraph (A) of "Annex C, as amended" for the most recent fiscal year and for the immediately preceding fiscal year.

(A) Management's Discussion and Analysis (MD&A) or Plan of Operation

(1) Plan of Operation – N/A (SPI has revenue in each of the last two fiscal years)

(2) Management's Discussion and Analysis

(a) Full Fiscal Years

Key Performance Indicators

		31-Dec		%
		2015	2014	Change
Turnover	(Php M)	8,284	7,612	8.8%
Profit Attributable to shareholders	(Php M)	2,850	2,735	4.2%
Earnings per share	(Php Ctv)	0.598	0.574	4.2%
Net Asset Value per share	(Php)	5.445	5.001	8.9%
Price Earnings Ratio	(Times)	5.234	5.747	(0.09%)

- Turnover consists of sales of residential condominium units, rental revenue, interest and other income. Shang Properties' total revenue increased by ₱671.5 million (M) to ₱8.3 billion (B) for calendar year 2015 from ₱7.6B total revenues for calendar year 2014. Sales of residential condominium units accounted for ₱4.7B or 56% of the total revenue. Revenue from leasing operations amounted to ₱2.7B, higher by ₱51.4M from last year's ₱2.6B. Interest and other income decreased by ₱270.1M.
- Profit attributable to shareholders represents net income from operations after tax of the Group. It went up by ₱114.4M or 4% compared with last year.
- Earnings per share of ₱0.598 were higher by 4% from last year's ₱0.574.
- Net Asset value per share is calculated by dividing the total net asset of the company (Total asset – Total liabilities) by the number of shares outstanding.
- Net asset value per share increased by 8.9% mainly due to higher income generated during the year and revaluation of the Group's investment properties.
- Price Earnings ratio is a valuation of the company's current share price compared to per share earnings and calculated by dividing the market value per share by the earnings per share. Price earnings ratio is lower by 0.09% to 5.234 this year from 5.747 last year. The Group' year-end share price in 2015 is ₱3.13 from ₱3.30 in 2014.

Results of Operations

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2015 amounted to ₱2.8B, ₱114.4M higher than the ₱2.7B posted in the same period last year.

Calendar Year 2015 Compared to Calendar Year 2014

The Group' gross revenue increased by P671.5M or 8.8% to P8.3B in 2015 from P7.6B in 2014, mainly due to higher revenue from higher condominium sales and net increase in rental revenue.

1. Residential condominium projects revenue of P4.7B is higher by P889.9M from last year's P3.8B mainly due to the higher sales and completion level of various projects.
2. Shangri-La Plaza's revenue slightly declined by P41.2M mainly due to temporary close down of certain areas during the year on the Main shopping mall for renovation. Business was also affected by increased competition from newly opened shopping centers in the nearby areas.
3. The office leasing operations of The Enterprise Center grew by P86.8M to P962.6M mainly due to rental escalation and higher rental yields.
4. Interest and other income decrease by P270.1M mainly because 2014 included gain on remeasurement of P824.4M arising from the acquisition of additional 20% equity interest in Shang Global City Properties and Fort Bonifacio Shangri-La Hotel from a Third Party. In 2015, the Group recorded a gain on revaluation of investment property amounting to P549.4M.

Total Expenses of the Group amounted to P3.6B, P99.4M lower compared with last year's P3.5B mainly due to the net effect of the following:

1. Increase in staff cost by P163.9M primarily due to increase in manpower to cover increased operations of ongoing developments.
2. Increase in general and administrative expense by P27.8M mainly due to higher administration cost incurred in 2015 for ongoing projects.
3. Increase in depreciation expense by P2.1M mainly due to the additional office improvements and transportation equipment.
4. Increase in insurance expense by P2.2M particularly due to additional coverage of properties.

The abovementioned increases in expenses are offset by:

5. Lower reimbursable expenses which reduced by P17.7M mainly due to lower electricity rates in 2015 compared with 2014.
6. Decrease in interest expense and bank charges by P25.5M mainly due to loan repayment during the year.
7. Cost of condominium sales reduced by P 67.8M mostly due to savings in construction cost in One Shangri-La Place Project.

Share in net income of associates was higher by P80.4M compared with last year primarily gain in fair value adjustment of investment property of an associated company.

Provision for income tax is higher by P193.6 mainly due to higher taxable income generated during the period compared with the same period last year.

Calendar Year 2014 Compared to Calendar Year 2013

The Group' gross revenue increased by P703.7M or 10.2% to P7.6B in 2014 from P6.9B in 2013, mainly due to higher revenue from the mall and office leasing operations and other income derive from remeasurement arising from business combination.

1. Revenue from sale of residential condominium units of P3.8B is lower by P170.9M from last year's P3.9B mainly due to the fewer saleable units for One Shangri-La Place this year as most of the units have been sold.
2. Shangri-La Plaza's growth of P196.6M was mainly due to the revenue from the newly opened East Wing and rental escalation of the existing mall.

3. The office leasing operations at The Enterprise Center grew by ₱72.1M to ₱875.8M mainly due to higher average occupancy rate to 98% in 2014 from 97% in 2013.
4. Increase in rental revenue of Edsa Shangri-La Hotel by ₱7M mainly due to higher occupancy.
5. Interest and other income increased by ₱588.7M mainly due to the gain on remeasurement arising from the acquisition of additional 20% equity interest in Shang Global City Properties and Fort Bonifacio Shangri-La Hotel from a Third Party.

Total Expenses of the Group amounted to ₱3.5B. This is ₱361.5M lower compared with last year's ₱3.8B mainly due to the following:

6. Decrease in cost of condominium sales due lower sales during the year.
7. General and administrative expenses increased by ₱90.5M primarily due to increase in staff cost for additional workload.
8. Interest expense and bank charges increased by ₱42.1M mainly due to additional loan availment during the year.
9. Increase in taxes and licenses by ₱60.4M mainly due to real property taxes paid for the new East Wing Mall and higher business permits due to higher revenues.
10. Unreimbursed share in common expenses decreased by ₱10.1M mainly due to the improved occupancy of the East Wing Mall, which resulted to higher recovery of reimbursable expenses from tenants.
11. Increase in depreciation expense by ₱2.2M mainly due to the capitalized office improvements and acquisition of transportation equipment.
12. Insurance expense increased by ₱1.9M particularly due to premiums paid for the East Wing Mall.

Calendar Year 2013 Compared to Calendar Year 2012

The Group' gross revenue increased by 27.8% to ₱6.9B in 2013 from ₱5.4B in 2012, mainly due to higher revenue from the sale of condominium units and higher rental income from mall and office leasing operations.

1. Residential condominium projects revenue of ₱3.9B is higher by ₱1.2B from last year's ₱2.7B due to higher sales recognized from One Shangri-La Place and Shang Salcedo Place projects.
2. Shangri-La Plaza's growth of ₱343M was mainly due to the revenue generated by the newly opened East Wing Mall and rental escalation of the existing mall.
3. The office leasing operations at The Enterprise Center grew by ₱141.2M to ₱803.8M mainly due to improved average occupancy rate to 97% in 2013 from 86% in 2012.
4. Interest and other Income decreased by ₱225.1M mainly due to higher fair value adjustments of investment properties recognized in 2012 while in 2013 no adjustments was recognized as the Group assessed that the fair value adjustment in 2012 is still reflective of the fair market values in 2013.

Total Expenses of the Group amounted to ₱3.8B, ₱845.1M higher compared with last year's ₱3B mainly due to the following:

1. Increase in cost of condominium sales due to more units sold in 2013.
2. General and administrative expenses decreased by ₱24.7M mainly due to lower marketing and advertising and condominium dues expenses this year compared with last year.
3. Unreimbursed share in common expenses increased by ₱85M mainly due to unrecovered actual cost of utilities, janitorial and security expenses of the newly opened East Wing Mall that are borne by the Group.

4. Increase in depreciation expense by P1.6M mainly due to capitalized office improvements and purchase of transportation equipment.
5. Insurance expense increase by P3.9M due to higher premiums paid during the period.
6. Interest expense and bank charges increased by P12.7M mainly due to loan availment during the year.

Financial Condition

Calendar Year 2015 Compared to Calendar Year 2014

Total assets of the Company amounted to P59.3B, a growth of P4.6B from total assets of P54.7B, in December 31, 2014. The following are significant movements in the assets:

Increase in cash and cash equivalents by P1.1B mainly due to higher collection from sales of condominium projects.

Receivables, including installment contract receivable, decreased by P1.3B mainly due to collection of installment receivables and liquidation of advances to contractors and suppliers for the completed projects.

Properties held for sale increased by P1.4B mainly due to on-going construction of the condominium projects at Shangri-La at the Fort, Shang Salcedo Place and The Rise in Makati.

Increase in investment in associates and joint venture by P81.1M mainly due to fair value adjustment of investment property of an associated company.

Increase in investment properties by P1.1B mainly due to fair value adjustment of properties held by the Group.

Real estate development project increased by P2.4B primarily due to the construction of the hotel portion of the Shangri-La at the Fort project.

Increase in property and equipment by P68.3M mainly due to purchase of various equipment.

The recognized deferred income tax assets decreased by P120.5M mainly due to difference in accounting recognition of profit between installment method versus percentage of completion method.

Increase in accounts payable and other current liabilities by P674M due to higher payable to contractors for the construction of various projects.

Installment payable of P863M was recognized during 2015 arising from the purchase of land for The Rise project.

Net increase in bank loans by P315.7M was due to additional loan availment by the Shangri-La at the Fort project for property development amounting to P2,211.5M and repayment of loans totaling to P1,896M during 2015.

Decrease in deferred lease income by P 17.5M mainly due to amortization using a straight-line basis over the lease term.

Increase in income tax payable by P55.7M due to higher taxable income generated during the year.

Increase in dividends payable by P44.2M mainly due to additional unclaimed cash dividends during 2015.

Decrease in accrued employee benefits by P18.7M was mainly due to the benefit payments made during the year.

Deposit for future stock subscription amounting to P1,959M was converted into equity during 2015.

Calendar Year 2014 Compared to Calendar Year 2013

Shang Properties, Inc. acquired the additional 20% interest in Shang Global City Properties, Inc. (SGCPI) and Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI). As a result of the acquisition, the Group obtained controlling interests in SGCPI and FBSHI owning 60% equity interest over each of the acquired entities.

Total assets of the Company amounted to P54.7B, a growth of P15.6B from total assets of P39B in December 31, 2013. The following are significant movements in the assets:

Increase in cash and cash equivalents by ₱1B mainly due to collection from sales of condominium projects and proceeds from bank loans.

Increase in financial assets at fair value through profit or loss by ₱2.7M to ₱33M due to the fair value adjustment on marketable securities recognized during the year.

Receivables increased by ₱628M mainly due to higher installment receivables from the sale of condominiums from various projects.

Properties held for sale increased by ₱3.3B mainly due to on-going construction of the condominium projects at Shangri-La at the Fort and The Rise in Makati.

Increase in prepayments and other current assets by ₱1.3B mainly due to higher prepaid VAT of Shang Global City Properties, Inc.

Decrease in investment in associates was mainly due to the acquisition of additional 20% equity interest in Shang Global City Properties (SGCPI) and Fort Bonifacio Shangri-La Hotel (FBSHI) wherein the group obtained control over the two companies. The amount of investment in associates reclassified to investment in subsidiary amounted to ₱2B.

Real estate development project amounting to ₱11.2B pertains to the construction cost of the hotel portion of the Shangri-La at the Fort project.

The group recognized Goodwill as a result of the business combination during the year. The excess of the acquisition cost over the fair value of the identifiable assets and liabilities assumed amounted to ₱269.9M.

Refundable deposits increased by ₱31M mainly due to deposits paid for utilities by One Shangri-La Place and deposit to contractors of Shangri-La at the Fort project.

Increase in accounts payable and other current liabilities by ₱2.2B due to higher payable to contractors for the construction of various projects.

Increase in bank loans was due to the consolidation of bank the loans of the Shangri-La at the Fort project and additional loan availment by the Parent company for property development.

Increase in dividends payable by ₱83.5M due to declaration of cash dividends amounting to ₱309.4M on August 14, 2014 and ₱333.5M on February 19, 2014.

Increase in income tax payable by ₱78.2M due to higher taxable income generated during the year.

Increase in accrued employee benefits by ₱28.2M was mainly due to the increased defined benefit obligation of the Group for employee retirement, leaves and other related benefits.

Deposit for future stock subscription refers to deposit to Shang Global City Properties, Inc. which will be converted into equity.

Increase in deferred liabilities by ₱1.1B was mainly due to the unrealized increase in fair value of Shangri-La at the Fort.

Calendar Year 2013 Compared to Calendar Year 2012

Total assets of the Company amounted to ₱39B, a growth of ₱3B from total assets of ₱36B in December 31, 2012. The following are significant movements in the assets:

Increase in cash and cash equivalents by ₱290.5M due to collection from sales of condominium projects and proceeds from bank loans.

Decrease in financial assets at fair value through profit or loss by ₱1.9M to ₱30.3M due to the decrease in fair value adjustment recognized on stock market investment.

Receivables increased by ₱2.2B due to higher installment receivables from the sale of condominium units from various projects.

Decrease in condominium units held for sale by ₱90.9M to ₱119.5M mainly due to the sale of residential condominium units at St. Francis Shangri-La Place.

Decrease in construction in progress by ₱815.5M was mainly due to the completion of East Wing Mall and reclassified under Investment Properties.

Decrease in prepayments and other current assets by ₱161.6M mainly due to the decrease in creditable withholding taxes used in payment of income taxes due for the year.

Decrease in investment in associates by ₱73.1M due to the sale shares in Exchange Properties Resources Corporation.

Increase in investment properties by ₱1.6B mainly due to reclassification of completed cost of East Wing Mall from Construction in progress.

Increase in real estate development project by ₱203.8M mainly due to the development cost of The Rise and reversal of accumulated impairment loss.

Decrease in property and equipment by ₱4.2M mainly due to depreciation.

Decrease in refundable deposits by ₱5.7M due to refund from suppliers.

Decrease in deferred income tax assets by ₱42.2M mainly due to the reversal of accumulated impairment loss on real estate development project.

Increase in accounts payable and other current liabilities by ₱898.7M due to higher payables to contractors for the construction of various projects.

Increase in bank loans primarily due to availments during the year.

Increase in deposit from tenants and deferred lease income by ₱201.8M mainly due to higher deposits from new tenants of the East Wing Mall of Shangri-La Plaza.

Increase in dividends payable by ₱2.9M due to declaration of cash dividends amounting to ₱238.2M on August 14, 2013.

Increase in income tax payable by ₱7.9M due to higher taxable income generated during the year.

Decrease in accrued employee benefits by ₱33.4M was mainly due to the effect of adoption of the Revised PAS 19. The changes in accounting policies have been applied retrospectively which resulted to the increase in 2012 accrued employee benefits by ₱36.1M (to ₱73.7M from previously reported ₱37.2M).

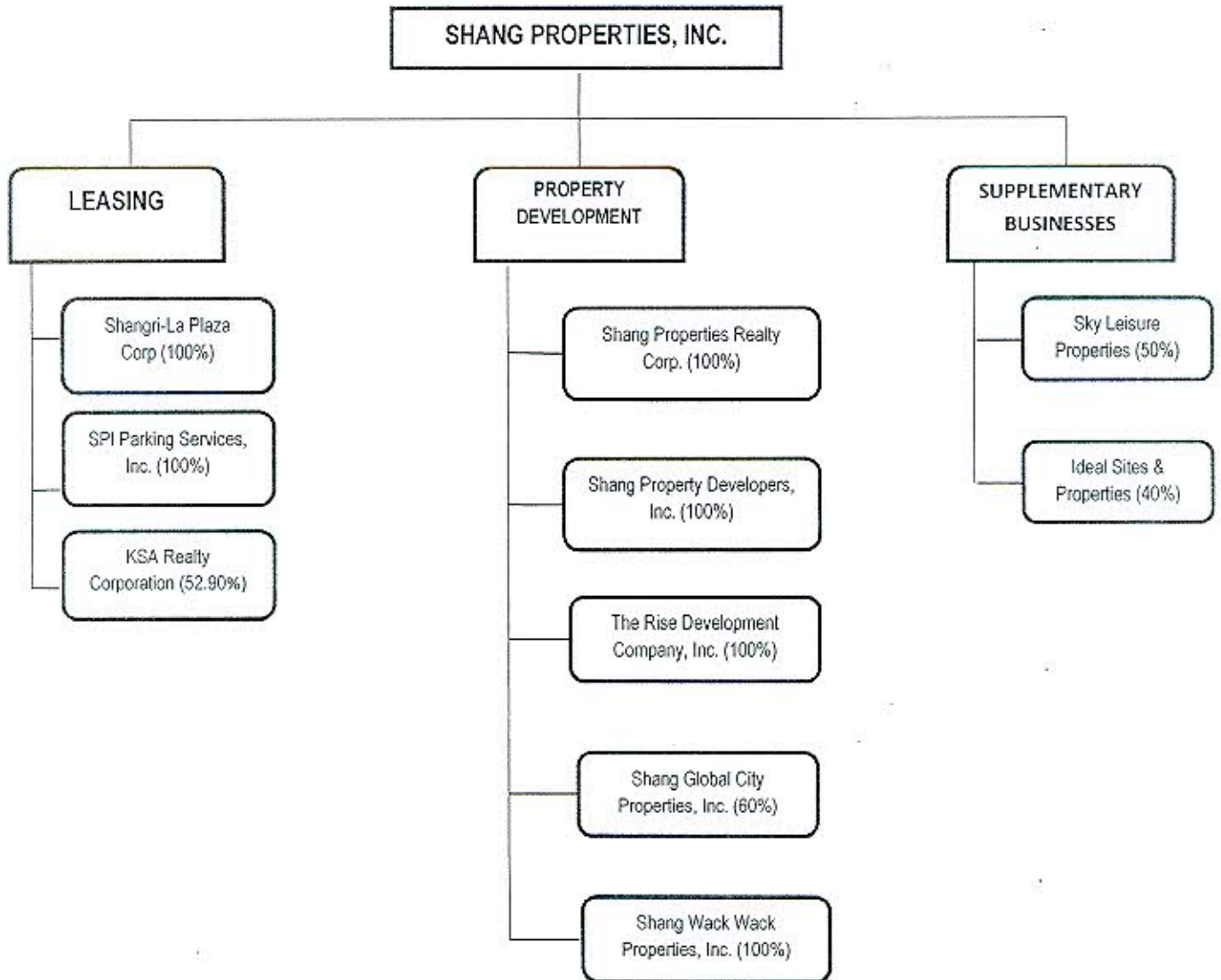
Changes in Financial Condition

Net cash provided by operating activities in 2015 amounted to ₱4.9B. The cash inflows in 2015 and 2014 include collection of revenue from condominium projects and rental revenue from mall operation of the Shangri-La Plaza and office leasing of The Enterprise Center. Net cash provided by operating activities in 2014 amounted to ₱604.6M. Net cash provided by operating activities in 2013 amounted to ₱2.1B. The cash inflows in 2013 include collection of revenues from condominium units of One Shangri-La and Shang Salcedo projects, higher rental from East Wing and Main Mall of the Shangri-La Plaza and office leasing of The Enterprise Center.

Net cash used in investing activities in 2015 amounted to ₱2.9B which was mainly used for the acquisition of real estate development projects and investment properties. In 2014, ₱1.6B was used mainly for the acquisition of the Shangri-La at the Fort. Net cash used in investing activities in 2013 amounted to ₱1.5B used mainly for the completion of the East Wing Mall.

Net cash used in financing activities in 2015 amounted to ₱817.6M mainly used for payments of loan principal and interest, and cash dividends. In 2014, net cash provided by financing activities amounted to ₱2B mainly from loan availment. Net cash used in financing activities in 2013 amounted to ₱237.8M used in repayment of loan principal and interests and cash dividends to shareholders.

Item 3. The Parent Company's subsidiaries and associates follow:



SHANG PROPERTIES, INC. AND SUBSIDIARIES

SCHEDULE OF THE EFFECTIVE STANDARDS AND INTERPRETATIONS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓

PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28	Investments in Associates	✓		

PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓ ①		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>			✓

IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

SHANG PROPERTIES, INC. AND SUBSIDIARIES
PARENT COMPANY RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

	2015	2014
Unappropriated Parent Company retained earnings, beginning	P8,347,694,274	P121,586,888
Adjustments (see adjustments in previous years Reconciliations)		
Cumulative change in fair value of Investment Property - net of tax	(6,572,345,119)	-
Cumulative change in fair value of Financial Asset at FVPL - net of tax	(800,238)	-
Unappropriated Parent Company retained earnings, as adjusted, beginning	1,774,548,917	121,586,888
Net income of the Parent Company closed to retained earnings	4,574,234,532	2,735,375,946
Less:		
Fair value adjustment of financial assets at FVPL	(571,261)	(2,663,820)
Fair value adjustment of investment property	(1,411,473,790)	-
Net income actually earned during the period	3,162,189,481	2,854,299,014
Less: Dividend declaration during the period	(738,097,655)	(642,859,246)
Total Parent Company retained earnings available for dividend declaration, end	P2,424,091,826	P2,211,439,768

Item 5. Financial soundness indicators in two comparative periods:

Financial Ratios			
		Fiscal Year Ended	Fiscal Year Ended
		December 31, 2015	December 31, 2014
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	2.05	2.37
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	1.81	2.08
Solvency Ratio	Total Assets / Total Liabilities	2.20	2.03
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.46	0.49
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.84	0.97
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	24.65	19.12
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.84	1.97
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.68	0.62
Net Profit Margin	Net Profit / Sales	0.39	0.42
Return on Assets	Net Income / Total Assets	0.05	0.06

Return on Equity	Net Income / Total Stockholders' Equity	0.11	0.12
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	5.234	5.747

Item 6. Information required by Part 111, Paragraph (A) (2) (b) of "Annex C" of SRC Rule 2

- (i) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely result in the registrant's liquidity increasing or decreasing in any material way.
- (ii) There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.
- (iii) There are no off balance sheet material transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- (iv) There are no material commitments for capital expenditures.
- (v) There are no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- (vi) There are no significant elements of income or loss that did not arise from the Registrant's continuing operations.
- (vii) Causes of material changes from period to period of FS including vertical and horizontal analysis of material item. Please see discussion under financial condition.
- (viii) There are no seasonal aspects that had a material effect on the financial statements.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure (Required by Part III (B) of "Annex C")

- (1) If during the two most recent fiscal years or any subsequent interim period, the independent accountant has resigned, was dismissed or otherwise ceased performing services, state the name of the previous accountant and the date of resignation, dismissal or cessation of performing services.

Not Applicable

- (2) Describe if there were any disagreements with the former accountant on any matter of accounting and financial disclosure.

Not Applicable

- (3) File as an exhibit to the report the letter from the former accountant addressed to the Commission stating whether it agrees with the statements made by the company and, if not, stating the respects in which it does not agree.

Not Applicable

Item 7. Information of Independent Accountant and other related matters

a. External Audit Fees and Services

The table below sets forth the aggregate fees billed to the Company for each of the last two (2) years for professional services rendered by Sycip, Gorres Velayo & Co.:

	2015	2014
Audit Fees	3,782,666	3,531,921
Tax Consultancy Fees	203,140	456,065
	3,985,806	3,987,986

No other service was provided by external auditors to the Company for the fiscal years 2015 and 2014.

b. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Furnish the information required by Part III, Paragraph (B) of "Annex C, as amended".

The Issuer has had no disagreements with its Accountants SGV & Co. The Issuer is compliant with the SRC rule 68, as amended, par 3(b)(iv), and has observed the rotation of signing partners for its Independent Public Accountants, SGV. With respect to SGV, the signing partner starting FY 2011 is Arnel de Jesus. SGV is a SEC-accredited external auditing for the period 14 February 2013, valid until 13 February 2016.

PART III - CONTROL AND COMPENSATION INFORMATION**Item 9. Directors and Executive Officers of the Issuer**

Furnish the information required by Part IV, Paragraph (A) of "Annex C, as amended".

(A) Directors, Executive Officers, Promoters and Control Persons

(1) Directors, including Independent Directors, and Executive Officers

The Directors, Independent Directors and Executive Officers of the Issuer are as follows (as of 31 March 2016):

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong	Malaysian	Yes /24 yrs.	62	Chairman	None
Alfredo C. Ramos	Filipino	Yes /27 yrs. & 7 mos.	71	Vice Chairman	Anglo Philippine Holdings Corp., The Philodrill Corp., Vulcan and Industrial Mining and Development Corp., Penta Capital Holdings Corp., Philippine Seven Corp.
Cynthia R. Del Castillo	Filipino	Yes /14 yrs & 9 mos.	61		Sanitary Wares & Mfg. Corp.
Benjamin I. Ramos	Filipino	Yes /5 yrs. & 7 mos.	46		None
Wilfred Shan Chen Woo	Canadian	Yes/4 yrs. & 7 mos.	56		None
Danila Regina I. Fojas	Filipino	Yes/13 yrs. & 9 mos.	62		None
Kin Sun Andrew Ng	British Hong Kong	Yes/10 yrs. & 9 mos.	57	Group Financial Controller	None
Federico G. Noel, Jr.	Filipino	Yes /16 yrs & 4 mos.	53	Corporate Secretary	None
Maria Myla Rae S. Orden	Filipino	(No)	48	Asst. Corp. Secretary	None
Wilkie Lee		Yes /7 yrs & 9 mos.	57		None
Johnny O. Cobankiat***	Filipino	Yes /8 yrs. & 9 mos.	64		None
Antonio O. Cojuangco***	Filipino	Yes /8 yrs. & 7 mos.	62		None

Ho Shut Kan	New Zealand	Yes /5 yrs & 9 mos.	65		None
Manuel M. Cosico	Filipino	Yes/2 yrs & 9 mos.	72		None
Koay Kean Choon	Malaysian	Yes/2 yrs & 9 mos.	59	Senior Project Director	None
Maximo G. Licaucó III	Filipino	Yes/2 yrs & 4 mos.	66		None

Edward Kuok Khoon Loong is the Chairman of the Company and also Vice Chairman of Kerry Holdings Limited. He has been with the Kuok Group since 1978. He has a Master's degree in Economics from the University of Wales in the United Kingdom.

Alfredo C. Ramos is the Vice Chairman of the Company. He is the Chairman of the Board of Anglo Philippine Holdings, Inc., Anvil Publishing, Inc., Carmen Copper Corporation, NBS Express, Inc. and Vulcan Materials Corporation. He is the Chairman and President of Atlas Consolidated Mining & Development Corporation, The Philodrill Corporation, National Book Store, Inc., Vulcan Industrial & Mining Corporation and United Paragon Mining Corporation. He is also the President of Abacus Book & Card Corporation, Crossings Department Store Corp., Power Books, Inc., and MRT Holdings Inc. He is Vice Chairman of Shangri-La Plaza Corporation, MRT Development Corporation, Metro Rail Transit Corporation and LR Publications, Inc.

Johnny O. Cobankiat is President of Co Ban Kiat Hardware, Inc., Ace Hardware, Philippines, and Coby's Marketing Corp. He is Vice Chairman of the Federation of Filipino-Chinese Chamber of Commerce, Director of R. Nubla Securities, Inc. and of the Philippine Hardware Association.

Antonio O. Cojuangco is the Chairman of Ballet Philippines, CAP Life Insurance Corporation, Cinemalaya Foundation, Mantrade Development Corporation, Nabasan Subic Development Corporation, Radio Veritas, Tanghalang Pilipino, Air Asia Phil. Inc. and Director of Philippines Corporation. He is the President and Director of Calatagan Golf Club Inc. and Canlubang Golf and Country Club.

Cynthia Roxas Del Castillo is a Partner at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles and has been with the firm for over 30 years. She served as Dean of the Ateneo Law School from 1990 to 2000 and as a Professor of Civil Law and Securities Regulation. She holds an LL.B from Ateneo, graduated Valedictorian in 1976 and placed 11th in the 1976 Bar Examinations. She currently serves as Corporate Secretary and Director of other various Philippine corporations.

Benjamin I. Ramos is the President of Powerbooks since 2009 and is the Special Assistant to the Vice President at National Book Store. He was previously the President of Tokyo, Tokyo, Inc., the largest Japanese fast food chain in the Philippines from 1990 to 2008 and has an MBA from the Stanford Graduate School of Business.

Ho Shut Kan is co-managing director of Kerry Properties Limited [KPL]. He is responsible for overseeing the operation of the project companies and the projects of the Group in Hong Kong, Macau and overseas. He is a non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, which is listed in Hong Kong.

Wilfred Shan Chen Woo is the Executive Assistant to the Chairman of the Board. He is a member of the Institute of Chartered Accountants of British Columbia as well as a member of the Canadian Institute of Chartered Accountants since 1985. He graduated in 1982 from the University of British Columbia in Vancouver, Canada with a Bachelor's Degree in Commerce, majoring in Accounting and Management Information Systems.

Wilkie Lee is a Project Director of Kerry Properties Ltd. with extensive experience in the real estate business in Australia and Hong Kong. He obtained his Bachelor's Degree in Civil Engineering from the University of Saskatchewan, Canada and a Master's Degree in Business Administration from the University of Notre Dame, USA and the London Business School.

Danila Regina I. Fojas is the Executive Vice President and General Manager of Shangri-La Plaza Corporation. Her core expertise is in general and marketing management. In her previous capacity as a corporate officer of San Miguel Corporation and its subsidiaries, she assumed various marketing positions in

the Philippines, Indonesia and the international beer operations based in Hong Kong. She is the first female to graduate with honors at the Asian Institute of Management, where she also held two concurrent positions as core faculty member and Executive Managing Director for Marketing and Customer Relations. She completed her Master's in Business Management with Distinction in 1978 and participated in the one-year advanced top management course in economics and business development at the University of the Asia and the Pacific in 1993. She is also a Director of KSA Realty Corporation.

Kin Sun Andrew Ng is a Director and Group Financial Controller. He also serves as Director on the various boards of Shang Properties affiliates and subsidiaries. Prior to joining the Kerry Group in Hong Kong in 1993, he worked for one of the largest audit firms in Hong Kong, handling audit, taxation and accounting. He is an associate member of the Hong Kong Society of Accountants and a fellow member of the Association of Chartered Certified Accountants in the U.K. He graduated from the Hong Kong Shue Yan University with a degree in Accounting.

Federico G. Noel, Jr. is the General Counsel and the Corporate Secretary of the Company. He is also the Corporate Secretary, General Counsel and a member of the Board of Directors of the other Kuok Group companies in the Philippines including the Shangri-La Plaza Corporation and the Shangri-La Hotels. He graduated from the Ateneo Law School in 1991 with a Juris Doctor degree.

Manuel M. Cosico is a Partner of Romulo Mabanta Buenaventura, Sayoc & de los Angeles Law Firm. He is Chairman of Construction Industry Arbitration Commission (CIAC) since 2011 and was a former Arbitrator of CIAC from 2001 to 2011. He was previously the Presiding Judge of Branch 136 of the Regional Trial Court of Makati from 1986 to 1991 and a Special Criminal Court Judge from 1986 to 1991. He was a former Professor of Evidence, Civil Procedure, Special Proceedings and Trial Techniques at Ateneo de Manila University.

Maximo G. Licaucó III is a Director of The Philodrill Corporation. He is also President of Filstar Distributors Corporation (Hallmark Licensee) and Area Vice President of National Book Store, Inc.

Koay Kean Choon is the Senior Project Manager of Issuer. He worked as M & E Manager with Kerry Project Management Ltd. Hong Kong and as Senior Project Manager from 2000-2011 for Shangri-La Hotel Management Ltd.

Maria Myla Rae S. Orden is Assistant Corporate Secretary and has been the Assistant General Counsel of the Company for the past 15 years.

**** Messrs. Johnny Cobankiat, Antonio Cojuangco were elected independent directors. All of the foregoing independent directors have no relationship with Ideal Sites and Properties, Inc., either as directors or officers.*

The Directors of the Company are elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

(2) Significant Employees

Issuer does not have an employee who is not an executive officer who is expected to make a significant contribution to the business of Issuer. There are also no key personnel on whom the business of the Issuer is highly dependent such as to merit any special arrangement.

(3) Family Relationships

Mr. Benjamin Ramos is the nephew of Mr. Alfredo Ramos. Mr. Maximo G. Licaucó III is the brother-in-law of Mr. Alfredo Ramos.

(4) Involvement in Certain Legal Proceedings

- (A) None of the directors or executive officers of the Issuer has had any bankruptcy petition filed by or against any business of which such director or executive officer was a general partner or executive officer either at the time of bankruptcy or within two years to that time;
- (B) None of the directors or executive officers of the Issuer has had any conviction by final judgment in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- (C) None of the directors or executive officers of the Issuer has been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- (D) None of the directors or executive officers of the Issuer has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Furnish the information required by Part IV, Paragraph (B) of "Annex C, as amended".

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. 2014 and 2015 and to be paid in the ensuing fiscal year 2015 to the Company's Chief Executive Officer and four (4) other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group:

OFFICERS/DIRECTORS	FISCAL YEAR	AGGREGATE COMPENSATION (in ₱)		
		Basic	Bonus	Total
2016		38,284,376.00	19,551,119.69	57,835,495.69
Kin Sun Andrew Ng, Group Financial Controller				
Federico G. Noel, Jr., Corporate Legal Counsel				
Koay Kean Choon, Senior Project Director				
Danila Regina I. Fojas, Executive Vice President				
2015	2015	37,338,106.00	15,249,285.07	52,587,391.07
Kin Sun Andrew Ng, Group Financial Controller				
Federico G. Noel, Jr., Corporate Legal Counsel				
Eden Lin, Project Manager				
Danila Regina I. Fojas, Executive Vice President				
2014	2014	35,601,280.00	13,477,112.43	49,078,392.43
Kin Sun Andrew Ng, Group Financial Controller				
Vicente P. Formoso, Vice President, Chief Financial Officer/Treasurer				
Federico G. Noel, Jr., Corporate Legal Counsel				
Eden Lin, Project Manager				
Danila Regina I. Fojas, Executive Vice President				
*VICENTE P. FORMOSO RESIGNED FROM THE ISSUER EFFECTIVE JANUARY 2013				

Compensation of Directors

The members of the Board are not compensated in any form or under any arrangement. There are no per diem payments being made to the members of the Board.

Other arrangements with Directors

Apart from what has been described above, there are no other arrangements or consulting contracts pursuant to which any director of the Issuer is or was or is to be compensated, directly or indirectly, during the Issuer's last completed fiscal year and the ensuing year for any service provided as a director, stating the amount paid and the name of the Director.

Warrants and options

There are, as of date, no outstanding warrants or options being held by any executive officer of the Issuer, and all officers and directors as a group.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Furnish the information required by Part IV, Paragraph (C) of "Annex C, as amended".

(1) Security Ownership of Certain Record and Beneficial Owners and Management

Following are the stockholders who are known to the Issuer to be directly or indirectly the record and/or beneficial owner of more than 5% of any class of the Issuer's voting shares as of **31 March 2016**.

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation (Filipino) G/F, MSE Building 6767 Ayala Avenue Makati City	R	Filipino	1,197,286,434	25.13%
Common	Travel Aim Investment B. V. 25/F Kerry Centre 683 King's Road Quarry Bay, HK	R	Foreign	1,648,869,372	34.61%
Common	Ideal Sites & Properties, Inc.	R	Filipino	1,465,615,626	30.76%

Travel Aim Investments B. V. is a wholly-owned subsidiary of Kerry Properties Limited. Kerry Properties Limited is a Bermuda company incorporated in 1996 and listed on the Hong Kong Stock Exchange. It is controlled by the Kuok Group, and was formed to hold the Hong Kong and Mainland China property investments and developments and infrastructure interests of the Kuok Group in the Philippines, the interests of the Kuok Group are chaired by Mr. Edward Kuok who is also the Chairman and Director of the Issuer.

Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,615,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies.

PCD Nominee Corporation is a wholly-owned subsidiary of the Philippine Depository & Trust Co. (formerly Philippine Central Depository, Inc.) The PCD Nominee Corporation is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or on behalf of their clients and/or principals. PCD is a private company organized by the major institutions actively participating in the Philippine capital market.

(2) Security Ownership of Management (as of 31 March 2015)

Title of Class	Name of Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Edward Kuok Khoo Loong	808,008(D)	Malaysian	0.000%
Common	Alfredo C. Ramos	158(D)	Filipino	0.000%
Common	Ho Shut Kan	1,570 (D)	New Zealand	0.000%
Common	Cynthia R. Del Castillo	1(D)	Filipino	0.000%
Common	Benjamin I. Ramos	2 (D)	Filipino	0.000%
Common	Maximo G. Licauco III	1(D)	Filipino	0.000%
Common	Manuel M. Cosico	1,000(D)	Filipino	0.000%
Common	Federico G. Noel, Jr.	1(D)	Filipino	0.000%

Common	Danila Regina I. Fojas	36,010 (D)	Filipino	0.000%
Common	Kin Sun Andrew Ng	930,010 (D)	British Hong Kong	0.000%
Common	Wilkie Lee	14,000(D)	Australian	0.000%
Common	Johnny O. Cobankiat	32,302(D)	Filipino	0.000%
Common	Antonio O. Cojuangco	3,026,964(D)	Filipino	0.063%
Common	Koay Kean Choon	1,000(D)	Malaysian	0.000%
Common	Wilfred Shan Chen Woo	1,000(D)	Canadian	0.000%

As of the reporting of SEC Form 17-A for 2016, the aggregate ownership of all directors and officers as a group unnamed is 4,814,028 shares or 0.001% of the outstanding shares of Issuer.

(3) Voting trust holders of 5% or more

None of the shareholders of Issuer have entered into a voting trust agreement, so that all questions relating to the same are irrelevant to the Issuer.

(4) Changes in Control

There have not been any arrangements or transactions entered into nor will any be entered into such as to effect a change in the control of the Issuer.

Item 12. Certain Relationships and Related Transactions

Furnish the information required by Part IV, Paragraph (D) of "Annex C, as amended".

1. As to the disclosures required in Item 1 of Part IV, Paragraph (D), there are no disclosable transactions as regards the requested disclosures in this item given that Issuer has no transaction or proposed transactions to which Issuer was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest: (i) any director or executive officer of the Issuer; (ii) any nominee for election as a director; (iii) any security holder named in response to Part IV, paragraph (C), or (iv) any member of the immediate family of the persons aforementioned.

2. Item 2 of Part IV, Paragraph (D) is not relevant to the Issuer.

3. Travel Aim Investments B.V. is a wholly-owned subsidiary of Kerry Properties Limited (KPL). KPL is a Bermuda Company incorporated in 1996 and listed on the Hong Kong Stock Exchange. The Company was formed to hold the Hong Kong and Mainland China property investments and developments and infrastructure interests of the Kuok Group. KPL has the power to vote the shares of Travel Aim.

Ideal Sites and Properties Inc. is a Philippine company incorporated in 1989 and is listed on the Philippine Stock Exchange. It is affiliated with the Kuok Group and was formed to primarily engage in property development and investments. Shang Properties Inc. and Oro Group Ventures, Inc. are the major shareholders of Ideal.

The interests of National Bookstore, Inc., are chaired by Mr. Alfredo Ramos.

4. Item 4 of Part IV, Paragraph (D) is not relevant to the Issuer.

DISCLOSURE OF THE LEVEL OF PUBLIC OWNERSHIP OF THE ISSUER (PER PSE MEMO NO. 2010-0505, DATED 28 OCTOBER 2010)

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of 31 March 2016, is 65.29% of the Issuer's total issued and outstanding shares is publicly owned in accordance with the PSE's guidelines for the computation of public ownership.

PART IV — EXHIBITS AND SCHEDULES

Item 3. PLEASE REFER TO THE ATTACHED ACRG REPORT.

Item 14. Exhibits and Reports on SEC Form 17-C

- (a) Exhibits

Furnish the exhibits required by Part VII of "Annex C, as amended". Where any financial statement or exhibit is incorporated by reference, the incorporation by reference shall be set forth in the list required by this item. Identify in the list each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form.

	Description	12-1	17-C	17-Q	17-A
1	Publication of Notice re: Filing	x			
2	Underwriting Agreement	x	x		
3	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	x	x	x	n/a
4	(A) Articles of Incorporation (B) By-laws	x	x		
5	Instruments Defining the Rights of Security Holders, Including Indentures	x	x	x	n/a
6	Opinion re: Legality	x			
7	Opinion re: Tax Matters	x			
8	Voting Trust Agreement	x	x		n/a
9	Material Contracts	x	x		
10	Annual Report to Security Holders, FORM 17-Q or Quarterly Report to Security Holders—n1	x			n/a
11	Material Foreign Patents	x			
12	Letter re: Unaudited Interim Financial Information	x		x	
13	Letter re: Change in Certifying Accountant—n2	x	x		n/a
14	Letter re: Director Resignation		x		
15	Letter re: Change in Accounting Principles				n/a
16	Report Furnished to Security Holders			x	n/a
17	Other Documents or Statements to Security Holders			x	
18	Subsidiaries of the Issuer	x			x
19	Published Report Regarding Matters Submitted to Vote of Security Holders	x			n/a
20	Consents of Experts and Independent Counsel	x	x-n3	x-n3	x-n3
21	(a) Power of Attorney (b) Power of Attorney—Foreign Issuer	x	x	x	n/a
22	Statement of Eligibility of Trustee	x			
23	Exhibits To Be Filed With Commercial Papers/Bond Issues	x			
24	Exhibits To Be Filed With Stock Options Issues	x			
25	Exhibits To Be Filed By Investment Companies	x			
26	Notarized Curriculum Vitae and Photographs of Officers and Members of the Board of Directors	x			
27	Copy of the BOI Certificate for BOI Registered Companies	x			
28	Authorization re: Issuer's Bank Accounts.	x			
29	Additional Exhibits	x	x	x	n/a
30	Copy of Board Resolution approving the securities offering and authorizing the filing of the Registration Statement	x			
31	Duly verified resolution of the issuer's Board of Directors approving the disclosures contained in the registration statement and assuming liability	x			

	for the information contained therein				
32	Secretary's Certificate as to adoption by the Board of certain corporate governance principles	x			
33	Exhibits to be filed for proprietary or non-proprietary shares issues	x			
34	Exhibits to be filed for Warrants Issues	x			

(b) Reports on SEC Form 17-C

State whether any reports on SEC Form 17-C, as amended were filed during the last six month period covered by this report, listing the items reported, any financial statements filed and the dates of such.

Following are the reports, in SEC Form 17-C, which were filed during the fiscal year ended 31 December 2015:

1. 27 March 2015 – Reports that during the regular meeting of the Issuer's Board of Directors held on 27 March 2015, the Board approved the following:
 - i) The declaration of P0.08500 per share cash dividend to all shareholders of record as of 15 April 2015, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2014, to be paid on or before 20 April 2015;
 - ii) Passed resolutions to approve the audited financial statements of the Issuer for the year ended 31 December 2014.
 - ii) Issuer will hold its Annual Stockholders Meeting on 18 June 2015 at 10:00 a.m. at the Garden Ballroom, Edsa Shangri-La Hotel, Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City. Record date is set on 29 May 2015.
2. 18 June 2015 - Reports that during the Issuer's Annual Stockholders' Meeting held on 18 June 2015, the following matters were taken up:

Election of Directors

The following were elected to serve as members of the Board of Directors for the year 2015-2016, namely:

- 1) Edward Kuok Khoon Loong
- 2) Danila Regina I. Fojas
- 3) Alfredo C. Ramos
- 4) Benjamin I. Ramos
- 5) Cynthia R. Del Castillo
- 6) Ho Shut Kan
- 7) Maximo G. Licaucio III – Independent Director
- 8) Johnny O. Cobankiat – Independent Director
- 9) Antonio O. Cojuangco - Independent Director
- 10) Manuel M. Cosico
- 11) Wilkie Lee
- 12) Koay Kean Choon
- 13) Kin Sun Andrew Ng
- 14) Federico G. Noel, Jr.
- 15) Wilfred Shan Chen Woo

Issuer's Certifying Accountant

Sycip Gorres Velayo & Co. was reappointed as external auditors for the year 2015-2016.

During the Issuer's Board of Directors Organizational Meeting held immediately after the Stockholders' Meeting, the following transpired:

Election of Officers

- | | | | |
|----|-------------------------|---|---------------|
| 1) | Edward Kuok Khoon Loong | - | Chairman |
| 2) | Alfredo C. Ramos | - | Vice Chairman |

- | | | | |
|----|-------------------------|---|-------------------------------|
| 3) | Kin Sun Andrew Ng | - | Group Financial Controller |
| 4) | Federico G. Noel, Jr. | - | Corporate Secretary |
| 5) | Maria Myla Rae S. Orden | - | Assistant Corporate Secretary |

Executive Committee

- | | | | |
|----|------------------------|---|----------|
| 1) | Wilfred Shan Chen Woo | - | Chairman |
| 2) | Kin Sun Andrew Ng | | |
| 3) | Federico G. Noel, Jr. | | |
| 4) | Danila Regina I. Fojas | | |

Audit Committee:

- | | | | |
|----|---------------------|---|-------------|
| 1) | Johnny O. Cobankiat | - | Chairman |
| 2) | Alfredo C. Ramos | - | Co-Chairman |
| 3) | Manuel M. Cosico | - | Member |
| 4) | Josephine Logroño | - | Secretary |

Nomination Committee

- | | | | |
|----|-------------------------|---|-----------|
| 1) | Edward Kuok Khoo Loong | - | Chairman |
| 2) | Antonio O. Cojuangco | - | Member |
| 3) | Cynthia R. Del Castillo | - | Member |
| 4) | Federico G. Noel, Jr. | - | Secretary |

3. 18 August 2015 – Reports that during the regular meeting of the Issuer's Board of Directors held on 18 August 2015, the Board approved the following:

- i) Cash Dividends – The declaration of P0.070 per share cash dividend to all shareholders of records as of 03 September 2015 to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2015 to be paid on or before 18 September 2015.

Following are the reports, in SEC Form 17-C, which were filed as of 31 March 2016:

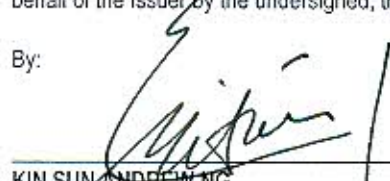
1. 04 March 2016– Reports that during the regular meeting of the Issuer's Board of Directors held on 04 March 2016, the Board approved the following:


- i) The declaration of P0.095 per share cash dividend to all shareholders of record as of 21 March 2016, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2015, to be paid not later than 8 April 2016;
- ii) Passed resolutions to approve the audited financial statements of the Issuer for the year ended 31 December 2015.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on this 14th day of April 2016.

By:


KIN SUN ANDREW NG
Group Financial Controller / Executive Committee Member


FEDERICO G. NOEL, JR.
Corporate Secretary / Executive Committee Member

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this 14 day of April 2016 by:

<u>Name</u>	<u>Passport/ID Details</u>	<u>Expiry/Place of Issue</u>
Kin Sun Andrew Ng	501133959	22 Feb 2012 / 22 Nov. 2022/ IPS
Federico G. Noel, Jr.	EB7578429	7 March 2013/ 6 March 2018/Manila

each having satisfactorily proven to me their respective identities through the documents above identified, and known to me to be same persons who executed and voluntarily signed the foregoing **SEC 17-A Report of Shang Properties, Inc.** and which they acknowledged before me as their voluntary act and deed, that they are acting as representatives of the corporation aforementioned and that they each have the authority to sign in such capacity.

The foregoing **SEC 17-A Report of Shang Properties, Inc.** consists of thirty seven (37) pages including the page on which this acknowledgment is written.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of my office on the date and place first above written.

Doc No. ML
Page No. 41
Book No. 17
Series of 2016

JOVEN G. WILLANO
NOTARY PUBLIC
COMMISSION NO. 0385-15
UNTIL DECEMBER 31, 2016
ROLL NO. 03970
IBP LIFETIME NO. 031302 RIZAL
PTR NO. 2590793 ; 1-4-16 ; MANDALUYONG
MCLE COMPLIANCE NO. IV-0014990 23 APRIL 2013
METRO MART COMPLEX, MANDALUYONG CITY

for
AUDITED FINANCIAL STATEMENTS

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A	A	P	F	S
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S	E	C
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N/A

COMPANY INFORMATION		
Company's Email Address	Company's Telephone Number	Mobile Number
www.shangproperties.com	370-2700	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,403	6/18	12/31

CONTACT PERSON INFORMATION			
The designated contact person MUST be an Officer of the Corporation			
Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Kinsun Ng	kinsun.ng@shangproperties.com	370-2700	N/A

CONTACT PERSON's ADDRESS
Administration Offices, Shangri-La Plaza Mall, EDSA corner Shaw Boulevard, Mandaluyong City

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



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Shang Properties, Inc.
Administration Offices, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard,
Mandaluyong City

Report on the Parent Company Financial Statements

We have audited the accompanying parent company financial statements of Shang Properties, Inc., which comprise the parent company statements of financial position as at December 31, 2015 and 2014, and the parent company statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Parent Company Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these parent company financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

APR 13 2016



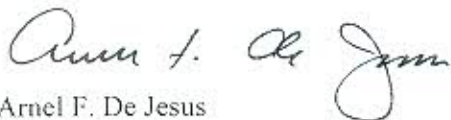
Opinion

In our opinion, the parent company financial statements present fairly, in all material respects, the financial position of Shang Properties, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 30 to the parent company financial statements are presented for purposes of filing with the Bureau of Internal Revenue and are not a required part of the basic financial statements. Such information are the responsibility of the management of Shang Properties, Inc. The information have been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Arnel F. De Jesus

Partner

CPA Certificate No. 43285

SEC Accreditation No. 0075-AR-3 (Group A),

February 14, 2013 to April 30, 2016

Tax Identification No. 152-884-385

BIR Accreditation No. 08-001998-15-2015,

June 26, 2015, valid until June 25, 2018

PTR No. 5321627, January 4, 2016, Makati City

March 4, 2016

APR 13 2016



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

March 04, 2016

To the Securities and Exchange Commission
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

The management of Shang Properties, Inc. is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.


The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders have examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.

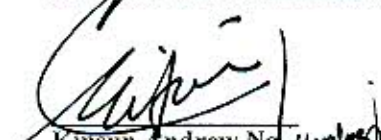
Signed under oath of by the following:



Edward Kuok Khoon Loong
Chairman of the Board



Wilfred Shan Chen Woo
Executive Director/Executive Assistant to the Chairman



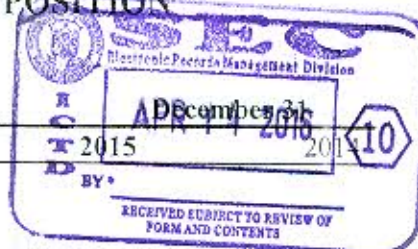
Kinsun Andrew Ng
Group Financial Controller/Acting Chief Finance Officer

SUBSCRIBED AND SWORN to before me
this day **APR 14 2016** at Q.C.

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PAGE NO.: 2)
BOOK NO.: 11A
SERIES OF: 1000



Atty. Benjamin F. Alfons
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
PTR NO. 2147797 1/4/2016 - QUEZON CITY
IBP NO. 1015954 1/4/2016 - QUEZON CITY
ROLL NO. 13296
COMMISSION NO. NP-146 (2015-2016) QUEZON CITY
TIN NO. 177-967-519
MCLE EXEMPTED

SHANG PROPERTIES, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

ASSETS
Current Assets

Cash and cash equivalents (Note 4)	₱1,211,799,761	₱425,679,878
Financial assets at fair value through profit or loss (Note 5)	4,242,540	3,426,453
Receivables (Note 6)	831,251,863	956,263,833
Properties held for sale (Note 7)	49,785,462	78,157,835
Prepayments and other current assets (Note 8)	140,656,341	115,211,492
Total Current Assets	2,237,735,967	1,578,739,491

Noncurrent Assets

Investments and advances (Note 9)	12,030,222,549	12,486,939,811
Investment properties (Note 10)	9,011,905,814	8,486,270,219
Available-for-sale financial assets (Note 11)	95,320,867	93,270,867
Property and equipment (Note 12)	35,061,717	40,578,030
Retirement assets (Note 20)	4,853,882	-
Refundable deposits	425,424	425,424
Total Noncurrent Assets	21,177,790,253	21,107,484,351

TOTAL ASSETS	₱23,415,526,220	₱22,686,223,842
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LIABILITIES AND EQUITY
Current Liabilities

Accounts payable and other current liabilities (Note 13)	₱428,791,675	₱667,591,569
Current portion of long-term loan (Note 14)	133,333,333	583,333,333
Dividends payable (Note 16)	28,464,861	24,294,914
Total Current Liabilities	590,589,869	1,275,219,816

Noncurrent Liabilities

Long-term loan - net of current portion (Note 14)	3,066,666,667	4,512,500,000
Retirement liabilities (Note 20)	-	10,197,701
Deposits from tenants	1,085,905	999,039
Deferred tax liabilities - net (Note 21)	2,733,105,665	2,579,931,091
Total Noncurrent Liabilities	5,800,858,237	7,103,627,831

Total Liabilities	6,391,448,106	8,378,847,647
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Equity

Capital stock - ₱1.00 par value		
Authorized - 8,000,000,000 shares,		
Issued and outstanding - 4,764,058,982 shares	4,764,058,982	4,764,058,982
Additional paid-in capital	1,210,073,869	1,210,073,869
Treasury shares - at cost (Note 15)	(6,850,064)	(6,850,064)
Other components of equity	(5,846,737)	(7,600,866)
Retained earnings	11,062,642,064	8,347,694,274
Total Equity	17,024,078,114	14,307,376,195

TOTAL LIABILITIES AND EQUITY	₱23,415,526,220	₱22,686,223,842
-------------------------------------	------------------------	------------------------

See accompanying Notes to Parent Company Financial Statements.

APR 13 2016



SHANG PROPERTIES, INC.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2015	2014
REVENUES		
Rental (Notes 10 and 24)	₱212,740,086	₱211,185,918
Sale of condominium units	58,147,402	660,246
	270,887,488	211,846,164
COSTS AND EXPENSES		
Staff costs (Note 17)	72,058,036	65,067,030
General and administrative (Note 18)	54,746,615	52,331,415
Cost of condominium units sold (Note 7)	28,372,373	227,500
Taxes and licenses (Note 18)	14,191,498	38,598,714
Depreciation and amortization (Note 12)	10,555,428	9,616,556
	179,923,950	165,841,215
OTHER INCOME (LOSS)		
Dividend income (Note 22)	3,150,415,469	1,234,919,334
Gain on fair value adjustment of investment properties (Note 10)	521,897,129	—
Interest expense (Note 14)	(155,424,521)	(186,162,235)
Interest income (Note 4)	8,542,619	2,706,786
Bank charges	(6,995,715)	(98,068)
Gain on fair value adjustments of financial assets at fair value through profit or loss (Note 5)	816,087	2,070,034
Other income (Note 19)	1,672,262	744,261
	3,520,923,330	1,054,180,112
INCOME BEFORE INCOME TAX	3,611,886,868	1,100,185,061
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)	158,841,423	(3,418,900)
NET INCOME	3,453,045,445	1,103,603,961
OTHER COMPREHENSIVE INCOME (LOSS)		
Item to be reclassified to profit or loss in the subsequent periods:		
Change in fair value of available-for-sale financial assets, net of tax effect (Note 11)	1,435,000	350,000
Item not to be reclassified to profit or loss in the subsequent periods:		
Remeasurement gain (loss) on defined benefit plan, net of tax effect (Note 20)	319,129	(6,393,690)
TOTAL COMPREHENSIVE INCOME	₱3,454,799,574	₱1,097,560,271

See accompanying Notes to Parent Company Financial Statements.

APR 13 2016



SHANG PROPERTIES, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Other components of equity						Total	
	Capital Stock	Additional Paid-in Capital	Treasury Shares (Note 15)	Fair Value of Available-for-Sale Financial Assets (Note 11)	Remeasurement Gain (Loss) on Defined Benefit Plan (Note 20)	Subtotal		
BALANCES AT DECEMBER 31, 2014	P4,764,058,982	P1,210,073,869	(P6,850,064)	P3,412,500	(P11,013,366)	(P7,600,866)	P8,347,694,274	P14,307,376,195
Total comprehensive income	-	-	-	1,435,000	319,129	1,754,129	3,453,045,445	3,454,799,574
Cash dividends (Note 16)	-	-	-	-	-	-	(738,097,655)	(738,097,655)
BALANCES AT DECEMBER 31, 2015	P4,764,058,982	P1,210,073,869	(P6,850,064)	P4,847,500	(P10,694,237)	(P5,846,737)	P11,062,642,064	P17,024,078,114
BALANCES AT DECEMBER 31, 2013	P4,764,058,982	P1,210,073,869	(P6,850,064)	P3,062,500	(P4,619,676)	(P1,557,176)	P7,886,949,559	P13,852,675,170
Total comprehensive income (loss)	-	-	-	350,000	(6,393,690)	(6,043,690)	1,103,603,961	1,097,560,271
Cash dividends (Note 16)	-	-	-	-	-	-	(642,859,246)	(642,859,246)
BALANCES AT DECEMBER 31, 2014	P4,764,058,982	P1,210,073,869	(P6,850,064)	P3,412,500	(P11,013,366)	(P7,600,866)	P8,347,694,274	P14,307,376,195

See accompanying Notes to Parent Company Financial Statements.

APR 13 2016



SHANG PROPERTIES, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	¥3,611,886,868	¥1,100,185,061
Adjustments for:		
Dividend income (Note 22)	(3,150,415,469)	(1,234,919,334)
Gain on fair value adjustment of investment properties (Note 10)	(521,897,129)	—
Interest expense (Note 14)	155,424,521	186,162,235
Depreciation and amortization (Note 12)	10,555,428	9,616,556
Interest income (Note 4)	(8,542,619)	(2,706,786)
Gain on fair value adjustments of financial assets at fair value through profit or loss (Note 5)	(816,087)	(2,070,034)
Foreign exchange gain (Note 19)	(743,818)	(486,151)
Gain on sale of property and equipment (Note 19)	(600,786)	—
Operating income before working capital changes	94,850,909	55,781,547
Decrease (increase) in:		
Receivables	835,785,287	881,638,325
Properties held for sale	28,372,373	227,500
Prepayments and other current assets	(25,444,849)	(6,578,181)
Increase (decrease) in:		
Accounts payable and other current liabilities	(229,041,702)	25,828,015
Retirement benefits	(14,595,684)	2,946,965
Net cash generated from operations	689,926,334	959,844,171
Interest received	6,867,967	2,798,980
Income taxes paid	(6,418,619)	(4,591,050)
Net cash provided by operating activities	690,375,682	958,052,101
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received (Note 22)	2,441,917,590	1,235,219,334
Decrease (increase) in investments and advances (Note 9)	456,717,262	(1,746,383,800)
Additions to:		
Investment properties (Note 10)	(3,738,466)	(7,919,793)
Property and equipment (Note 12)	(5,039,115)	(5,369,317)
Refundable deposits	—	(68,000)
Net cash provided by (used in) investing activities	2,889,857,271	(524,521,576)

(Forward)



	Years Ended December 31	
	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availment (Note 14)	P-	P900,000,000
Payments of:		
Loan principal (Note 14)	(1,895,833,333)	(583,333,334)
Cash dividends (Note 16)	(733,927,708)	(639,408,340)
Interest (Note 14)	(165,182,713)	(181,133,228)
Deposit from tenants	86,866	-
Net cash used in financing activities	(2,794,856,888)	(503,874,902)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	743,818	486,151
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	786,119,883	(69,858,226)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	425,679,878	495,538,104
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P1,211,799,761	P425,679,878

See accompanying Notes to Parent Company Financial Statements.



SHANG PROPERTIES, INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issue of the Parent Company Financial Statements

Corporate Information

Shang Properties, Inc. (the Company), a corporation duly organized and existing in the Philippines, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 21, 1987 to acquire, own, develop, subdivide, sell, mortgage, exchange, lease or hold for investment, real estate of all kinds.

The Company's registered office address, which is also its principal place of business, is at Administration Offices, Shangri-La Plaza Mall (the Mall), EDSA corner Shaw Boulevard, Mandaluyong City.

The Company has its primary listing on the Philippine Stock Exchange (PSE). It was registered on June 13, 1991 with total listed shares of 4,764,058,982, which was initially issued at ₱1.18 per share. As of December 31, 2015 and 2014, the Company has 5,403 and 5,457 stockholders, respectively. The details of the Company's stockholders are disclosed in the annual report.

Authorization for Issue of the Parent Company Financial Statements

The parent company financial statements have been approved and authorized for issue in accordance with a resolution of the Board of Directors (the Board) on March 4, 2016.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost basis except for investment properties, financial assets at fair value through profit or loss and available-for-sale financial assets that have been measured at fair value. The financial statements are presented in Philippine Peso (Peso), which is the Company's functional and presentation currency, with amounts rounded to the nearest Peso.

Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial reporting Standards (PFRS) as issued by the Financial Reporting Standards Council (FRSC).

New and Amended Standards and Interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2015.

The nature and the impact of each new standard and amendment are described below:

- *Amendments to PAS 19, Defined Benefit Plans: Employee Contributions*
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of



service. This amendment is effective for annual periods beginning on or after July 1, 2014. This amendment is not relevant to the Company, since the Company has no defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)

These improvements are effective from July 1, 2014 and the Company has applied these amendments for the first time in these financial statements. Unless otherwise stated, these amendments have no impact on the Company's financial statements.

- *PFRS 2, Share-based Payment - Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
 - A performance condition must contain a service condition
 - A performance target must be met while the counterparty is rendering service
 - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
 - A performance condition may be a market or non-market condition
 - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.
- *PFRS 3, Business Combinations - Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted).
- *PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that:
 - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
 - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.
- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The adoption of this amendment did not have any impact in the Company's financial statements as the Company's property, plant and equipment and intangible assets are not carried at revalued amounts.
- *PAS 24, Related Party Disclosures - Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the



related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)

These improvements are effective from July 1, 2014 and the Company has applied these amendments for the first time in these financial statements. Unless otherwise stated, these amendments have no impact on the Company's financial statements. They include:

- *PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
 - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
 - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- *PFRS 13, Fair Value Measurement - Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, if early adopted).
- *PAS 40, Investment Property*
The description of ancillary services in PAS 40 differentiates between the investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that PFRS 3, and not the description of the ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Future Changes in Accounting Policies

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Deferred

- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company.



Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Investment Entities: Applying the Consolidation Exception (Amendments)
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not applicable to the Company since the Company does not have investment entity associates or joint venture.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests* (Amendments)
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

- PAS 1, *Presentation of Financial Statements* - Disclosure Initiative (Amendments)
The amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in PFRS. They clarify the following:
 - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different nature or functions
 - That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated
 - That entities have flexibility as to the order in which they present the notes to financial statements
 - That the share of OCI of associated and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.



Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Company is currently assessing the impact of these amendments on its financial statements.

- *PAS 14, Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard will not apply.
- *PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments)*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.
- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company has not used a revenue-based method to depreciate its non-current assets.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) which are effective on or after January 1, 2016 are expected to have no impact to the financial statements of the Company. These include:

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no



interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- *PFRS 7, Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement on PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.
- *PFRS 7, Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosure on offsetting of financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.
- *PAS 19, Employee Benefits - regional market issue regarding discount rate*
The amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- *PAS 34, Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*
The amendment is applied retrospectively and clarifies that the required interim disclosure must either be in the interim financial statements or incorporate by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- *PFRS 9, Financial Instruments*
In July 2014, the IASB issued the final version of PFRS 9, *Financial Instruments*. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company did not early adopt PFRS 9.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities.



- *IFRS 15, Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Effective January 1, 2019

- *IFRS 16, Leases*

On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Company is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the parent company statement of financial position based on current or noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.



A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement

The Company measures financial instruments, such as financial assets at FVPL, AFS financial assets, and non-financial assets, such as investment properties, at fair value at each reporting date. Additional fair value related disclosures including fair values of financial instruments measured at amortized cost are disclosed in Note 25.

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

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

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

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

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

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

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

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



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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents

Cash includes cash on hand and in banks that earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

Financial Instruments

Initial Recognition and Measurement

Financial instruments are recognized initially at fair value, adjusted for directly attributable transaction costs in the case of financial instruments not at FVPL. The Company recognizes a financial instrument in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Classification

Financial assets are classified as financial assets at FVPL, loans and receivables, held to maturity (HTM) financial assets, and AFS financial assets as appropriate. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates the designation at each reporting date. As of December 31, 2015 and 2014, the Company has no HTM financial assets and financial liabilities at FVPL.

Financial Assets at FVPL

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39. The Company designated certain financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as "Other income" in the statement of comprehensive income.

Financial instruments may be designated at initial recognition as financial assets or liabilities at FVPL when any of the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing the gains or losses on them on a different basis; (ii) the assets or liabilities are part of a Company of financial instruments which are managed and their performances are



evaluated on fair value basis, in accordance with a documented risk management strategy; or (iii) the financial instrument contains an embedded derivative that would need to be separately recorded.

As of December 31, 2015 and 2014, the Company has investment in shares of stock of various publicly listed companies which are designated as financial assets at FVPL.

Loans and Receivables

This category is the most relevant to the Company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of income.

As of December 31, 2015 and 2014, the Company's loans and receivables consist of cash in banks, cash equivalents, rental receivables, installment contracts receivable, receivable from related parties, refundable deposits, interest receivable and other receivables.

AFS Financial Assets

AFS financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated as at FVPL. Financial assets may be designated at initial recognition as AFS financial assets if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

AFS financial assets are carried at fair value in the statement of financial position. Changes in fair value of such assets are accounted for in OCI in the cumulative changes in fair value of AFS financial assets until the financial assets are derecognized or until they are determined to be impaired. When an AFS financial asset is derecognized or determined to be impaired, the cumulative gains or losses previously recorded in OCI are recognized in profit or loss.

Investments in equity investments that do not have quoted market prices in an active market and whose fair values cannot be reliably measured are carried at their cost, less any impairment in value.

As of December 31, 2015 and 2014, the Company's investment in proprietary club shares and listed and unlisted shares of stock are classified as AFS financial assets.

Other Financial Liabilities

This category pertains to financial liabilities that are not held for trading nor designated as financial liabilities at FVPL upon inception of the liability.

Other financial liabilities are initially recorded at fair value, less directly attributable transaction costs. After initial recognition, other financial liabilities are carried at amortized cost using the EIR method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in profit or loss when the liabilities are derecognized or amortized.

As of December 31, 2015 and 2014, the Company's other financial liabilities include accounts payable and other current liabilities (except for output value-added tax (VAT) and withholding taxes), dividend payable, long-term loan, and deposits from tenants.



Determination of Fair Value

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments and all other financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using arm's-length market transactions; reference to the current market value of another instrument, which is substantially the same; and discounted cash flow (DCF) analysis and other valuation models. If the fair value cannot be measured reliably, the financial instruments are measured at cost, being the fair value of the consideration paid, in case of an asset, and received, in case of a liability. All transaction costs directly attributable to the acquisition are also included in the cost of investment.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a Day 1 difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where the data used are not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the Day 1 difference.

Offsetting

A financial asset and a financial liability are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

a. Financial Assets Carried at Amortized Cost

For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.



The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the profit or loss. Interest income (recorded as finance income in the profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

b. AFS Financial Assets

For AFS financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss, is removed from OCI and recognized in the profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

c. Financial Assets Carried at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Derecognition

a. Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b. Financial Liabilities

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

Properties Held for Sale

Properties held for sale are properties being constructed or acquired for sale in the ordinary course of business, rather than for rental or capital appreciation, and are carried at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and estimated costs to sell.

Condominium Units Held for Sale

Cost of condominium units held for sale represent accumulated costs of the unsold units of the completed projects. Cost includes those directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs, which are allocated to the unsold units.

Prepayments and Other Current Assets

Prepaid Expenses

Prepaid expenses include expenditures already paid but not yet incurred and from which future economic benefits are expected to flow to the Company within twelve months from the reporting date. These are measured at cost less allowance for impairment losses, if any.

Creditable Withholding Tax (CWT)

CWT represents taxes withheld for goods sold or services rendered by the Company. CWT can be claimed as credit against income tax due.

Investments in Subsidiaries, Associates and Joint Ventures

The Company's investments in its subsidiaries, associates and joint ventures are accounted for under the cost method and are carried at cost less accumulated provisions for impairment losses, if any. A subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An associate is an entity in which the Company has a significant influence and which is neither a subsidiary nor a joint venture. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.



The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

Investment Properties

Investment properties consist of land and buildings that are held for long-term rental yields or for capital appreciation or both, and that are not owner-occupied by the Company.

Investment properties are measured initially at their costs, including related transaction costs. The cost of a purchased investment property comprises of its purchase price and any directly attributable costs. Transaction costs include transfer taxes, professional fees and other costs necessary to bring the investment properties to the condition necessary for them to be capable of being used.

After initial recognition, investment properties are carried at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in fair value are recorded in profit or loss in the year in which they arise including the corresponding tax effect. Fair value is based in an annual evaluation performed by an accredited external independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

An investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

A subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be reliably measured. Repair and maintenance costs are recognized in profit or loss in the period in which they are incurred.

Investment properties are derecognized when they are disposed of or permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the profit or loss. Gain or loss on disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal.

Transfers are made to (or from) investment properties when, and only when, there is a change in use, evidenced by the ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

When the Company completes the construction or development of a self-constructed investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss. If a land or building and building improvement classified as "Property and equipment" becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. For transfer from investment property carried at fair value to property and equipment or construction in progress, the investment property's deemed cost shall be its fair value at the date of change in use.



Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and amortization, and accumulated impairment losses, if any.

The initial costs of property and equipment consist of their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operation, such as repair and maintenance costs, are recognized in profit or loss in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation and amortization commence once the assets are available for use and calculated using straight-line method over its expected useful life as follows:

Category	Useful Lives in Years
Building and leasehold improvements	25 or lease term, whichever is shorter
Transportation equipment	2 to 5
Furniture, fixtures and other equipment	2 to 5

Useful lives of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation or amortization ceases at the earlier of the date when the asset is classified as either investment property or property held for sale and the date the asset is derecognized.

The assets' EUL, and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment. The assets' estimated residual values are reviewed periodically and adjusted if appropriate.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use, and no further depreciation and amortization are charged to profit or loss.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that the nonfinancial assets consist of investments in subsidiaries and associates, investment properties and property and equipment may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the



time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in profit or loss in those expense categories consistent with the function of the impaired assets.

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

The following criteria are also applied in assessing impairment of specific assets:

Investment in Subsidiaries and Associates

The Company assesses at each reporting date whether there is any indication that an investment is impaired. If any such indication exists, the Company estimates the recoverable amount of the investment which is the higher of its fair value less costs to sell and value in use. If the recoverable amount is lower than the carrying amount, the Company recognizes the difference as impairment loss.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provision is determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provision due to passage of time is recognized as interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

Equity

Capital Stock and Additional Paid-in Capital (APIC)

Capital stock is measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "APIC" account. When shares are issued for a consideration other than cash, the proceeds are measured at the fair value of consideration received. In case the shares are issued to extinguish or settle a liability, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is also recognized in the APIC. When the shares are



retired, the capital stock account is reduced by its par value and the excess of cost over par value, upon retirement, is charged to APIC when the shares are issued.

Other Components of Equity

These are recorded for items that are directly recognized in equity, which include cumulative changes in fair value of AFS financial assets and remeasurement gain (loss) on defined benefit plan. They are measured either at gross amounts or net of tax effect depending on the tax laws and regulations that apply.

Other components of equity are derecognized when the related asset or liability where they arise are derecognized.

Retained Earnings

Retained earnings include cumulative profits and are reduced by dividends. Retained earnings also include effect of changes in accounting policies as may be required by the standards' transitional provisions.

Dividend Distribution

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and is no longer at the discretion of the Company. As per the corporate laws in the Philippines, a distribution is authorized when it is declared by the Board and a corresponding amount is recognized directly in equity.

Revenue and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured, regardless of when the collection or payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as the principal in all of its major revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of Condominium Units

The Company assesses whether it is probable that the economic benefits will flow to the Company when the contract price is collectible. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation. Collectability is also assessed by considering factors such as collections and credit standing of the buyer.

Rental

Rental revenues from the leasing of properties held under operating lease are recognized on a straight-line basis over the periods of the respective leases or based on a certain percentage of gross revenue of the lessees, whichever is applicable.

Interest Income

Interest income is recognized as it accrues, taking into account the effective yield on the asset. Interest income from accretion of installment contracts receivable is recognized using the EIR method.



Dividend Income

Revenue is recognized when the Company's right to receive the payment is established, which is generally when the Board of the investee company approved the declaration of dividends.

Costs and Expenses

Cost of condominium units sold is recognized in profit or loss consistent with the revenue recognition criteria of the Company. The cost of condominium units sold recognized in profit or loss is determined with reference to the specific cost incurred on the property which is allocated to the sold unit based on its relative size over the total saleable area.

General and administrative expenses are recognized as incurred.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or an extension is granted, unless that term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset;
or
- d. there is a substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances give rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Company as a Lessee

A lease where the lessor retains substantially all the risks and rewards of ownership is classified as operating lease. Payments made under operating lease are recognized in profit or loss on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to a lessor by way of penalty is recognized as an expense.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the rental receivables and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Employee Benefits

Retirement Benefits

The net defined benefit liability or asset is the aggregate of the present value of defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.



The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost,
- net interest on the net defined benefit liability or asset, and
- remeasurements of the net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a pre-tax discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of plan assets is higher than the present value of defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and an expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the benefit and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefit are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefit or other long-term employee benefit. Benefits falling due more than twelve months from the reporting date are discounted to their present values.



Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled more than twelve months after the end of the annual reporting period is discounted to its present value.

Foreign Currency-denominated Transactions and Balances

The Company's financial statements are presented in Peso. Transactions in foreign currencies are initially recorded by the Company using the functional currency spot rates at the date the transactions first qualify for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Income Tax

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted, at the reporting date.

In the sale of condominium units resulting to recognition of installment contracts receivables full recognition for income tax purposes is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

Deferred Tax

Deferred tax is provided on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interest in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carryforward benefits of excess MCIT over RCIT and NOLCO can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates and interest in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at each reporting date.

Deferred tax relating to items recognized outside the statements of comprehensive income is recognized outside the statements of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

VAT

Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "Prepayments and other current assets" or "Accounts payable and other current liabilities" accounts, respectively, in the parent company statement of financial position.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements. They are disclosed in the notes to parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the



parent company financial statements but are disclosed in the notes to parent company financial statement when an inflow of economic benefits is probable.

Events after the Reporting Date

Any post year-end event that provides additional information about the Company's financial position at the reporting date (adjusting event) is reflected in the parent company financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the parent company financial statements.

Segment Reporting

For management purposes, an operating segment is a component of an entity:

- a. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- b. with operating results regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
- c. for which discrete financial information is available.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements based on evaluation of relevant facts and circumstances at the reporting date. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects of any changes will be reflected in the parent company financial statements as they become reasonably determinable.

Judgments

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

Determination of the Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, management determined its functional currency to be the Peso. It is the currency that mainly influences the revenues, and costs and expenses of the Company.

Assessing Control over Subsidiaries

The Parent Company or its subsidiaries makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances that indicates that the Parent Company or its subsidiaries is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Parent Company has determined that it controls its subsidiaries (see Note 9).

Assessing Significant Influence over Associates

The Company determined that it exercises significant influence over all its associates by considering, among others, its ownership interest (holding 20% or more than of the voting power in the investee), representation on the board of directors and participation in policy-making processes of the associates, and other contractual terms.



Classification of Financial Instruments

The Company classifies a financial instrument, or its component, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of financial asset, financial liability and equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the parent company statement of financial position.

Financial assets are classified as financial assets at FVPL, HTM financial assets, loans and receivables, and AFS financial assets. Financial liabilities, on the other hand, are classified as financial liabilities at FVPL and other financial liabilities. The Company determines the classification at initial recognition and re-evaluates the classification at every reporting date.

As of December 21, 2015 and 2014, the Company has financial instrument classified as financial asset at FVPL, AFS financial assets, loans and receivables, and other financial liabilities as disclosed in Note 26.

Distinction between Properties Held For Sale, Investment Properties and Property and Equipment

The Company determines whether a property is to be classified as a property held for sale or an investment property through the following:

- Properties held for sale comprise properties that are held for sale in the ordinary course of business. These are condominium units that the Company acquired or developed and intends to sell.
- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Company, but are held primarily to earn rental income or capital appreciation.

The Company determines whether a property qualifies as an investment property or an item of property and equipment. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by the Company. Property and equipment generate cash flows that are attributable not only to them but also to the other assets used in the operations of the Company.

Some properties comprise a portion that is to earn rentals or for capital appreciation and another portion that is held for use in the operation or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as an investment property only if an insignificant portion is held for use in the operation or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Company considers each property separately in making its judgment.

The carrying values of properties held for sale, investment properties, and property and equipment as of December 31, 2015 and 2014 are disclosed in Notes 7, 10 and 12.

Valuation of Investment Properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Company's financial controller and the managers of each property determine the policies and procedures for the fair value measurement of the investment properties. External valuers are involved in the valuation of investment properties as decided annually by the Company. The selection criteria for the external valuers include market knowledge, reputation, independence and whether professional standards are maintained.



At each reporting date, the Company analyzes the movements in the values of investment properties which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs by agreeing the information in the valuation computation to contracts and other relevant documents.

Based on the analysis performed by management, the Company has concluded that the fair value adjustment in 2014 is insignificant. In 2015, the management determined the fair value adjustment to be significant and reflect the current economic condition. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 10.

Impairment of Nonfinancial Assets

The Company assesses whether there are any indicators of impairment for all nonfinancial assets at every reporting date. Nonfinancial assets with indefinite life are tested for impairment annually and at other times when an impairment indicator exists. Other nonfinancial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As of December 31, 2015 and 2014, management assessed that there are no indications of impairment for the rest of the Company's nonfinancial assets composed of properties held for sale, prepayments and other current assets, investment and advances, investment properties, and property and equipment.

Impairment of AFS Equity Financial Assets

The Company treats AFS equity financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or other objective evidence of impairment exists. The determination of what is "significant" and "prolonged" requires judgment. The Company generally treats a decline of 20% or more of the original cost as "significant" and a period greater than six months as "prolonged". In addition, the Company evaluates other factors including normal volatility in share prices for quoted securities, future cash flows and discount factors for unquoted securities.

The carrying values of AFS equity financial assets as of December 31, 2015 and 2014 are disclosed in Note 11. Based on management's assessment, there has been no significant or prolonged decline in fair value of AFS financial assets, thus, no impairment loss was recognized in 2015 and 2014.

Contingencies

The Company is currently involved in various legal proceedings. The estimates of the probable costs for the resolution of these claims have been developed in consultation with the outside legal counsel handling the defense in these matters and are based upon analyses of potential reports. Based on management's assessment, these proceedings will not have a material effect on the Company's financial position and performance (see Note 23).



Classification of Leases as Operating Lease

a. Company as a Lessor

The Company owns parcels of land and a building located in Mandaluyong City which are leased out to its subsidiaries, an affiliate, and third parties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases. The carrying values of such properties are disclosed in Note 10.

b. Company as a Lessee

The Company's office is located at the Mall which is being leased from Shangri-La Plaza Corporation (SLPC), a subsidiary of the Company. It is determined that the risks and rewards related to this office space are retained by SLPC. As such, this lease agreement is accounted for as an operating lease.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities are as follows:

Valuation of Financial Instruments

Financial instruments carried at fair value require the use of accounting estimates. While significant components of fair value measurement are determined using verifiable objective evidence, it would differ if the Company will utilize a different valuation methodology. Any changes in the fair value of financial instruments will affect profit or loss or equity.

The fair values of financial instruments on initial recognition are normally the transaction prices. These prices are indicative of actual and regularly occurring market transactions in an arm's length basis.

The fair values of the Company's financial assets at FVPL and AFS financial assets traded in active markets are based on quoted market prices at the reporting date. The quoted market prices used for financial assets held are the current bid prices. The fair values of the other financial instruments are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Company at the reporting date for similar financial instruments.

The fair values, which approximate the carrying values of the Company's financial instruments as of December 31, 2015 and 2014 are disclosed in Note 25. The fair value measurement hierarchy of the Company's financial instruments is disclosed in Note 25.

Estimation of Allowance for Impairment of Receivables

The Company maintains an allowance for impairment of receivables at a level considered adequate to provide for potentially uncollectible receivables. The level of this allowance is evaluated by management on the basis of the factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customer, the customer's payment behavior and known market factors. The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis.



Bad debts recognized in 2015 and 2014, the carrying values of the Company's receivable and allowance for impairment of receivables as of December 31, 2015 and 2014 are disclosed in Note 6.

Estimation of NRV

Properties held for sale are carried at the lower of cost and NRV. NRV in respect of condominium units is assessed by reference to market prices at the reporting date for similarly completed property less estimated costs necessary to make the sale.

There were no provision for inventory write-down in 2015 and 2014. As of December 31, 2015 and 2014, carrying values of Company's properties held for sale are disclosed in Note 7.

Determination of Fair Values of Investment Properties

The fair values of investment properties are determined by independent real estate valuation experts using recognized valuation techniques. In some cases, fair values are determined based on recent real estate transactions with similar characteristics and in the location of those of the Company's assets. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making its judgment, the Company considers information from a variety of sources including:

- a. current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- b. recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- c. stabilized net operating income based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using pre-tax discount rates that reflect current market assessments of the uncertainty in the amounts and timing of the cash flows.

The significant method and assumptions used by the appraisers in estimating fair values of investment properties are set out in Note 10. The fair values, which are also the values of investment properties as of December 31, 2015 and 2014, are disclosed in Note 10.

EUL of Property and Equipment

The Company estimates the EUL of property and equipment based on the internal technical evaluation and experience with similar assets. EUL of property and equipment are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of property and equipment. There were no changes in the EULS in 2015 and 2014. As of December 31, 2015 and 2014, the carrying values of property and equipment are disclosed in Note 12.

Estimation of Retirement Benefit Costs

The cost of defined benefit plan as well as the present value of defined benefit obligation is determined using actuarial valuations. Actuarial valuations involve making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuations, the underlying assumptions and the long-term nature, defined benefit obligation is highly sensitive to changes in the assumptions. All assumptions are reviewed at each reporting date. The retirement liabilities as of December 31, 2015 and 2014 are disclosed in Note 20.



In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Future salary increases and retirement increases are based on expected future inflation rates.

Further details about the assumptions used are provided in Note 20.

Realizability of Deferred Tax Assets

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. The Company expects to generate sufficient future taxable profits to allow all of its recognized deferred tax assets to be utilized. Deferred tax assets recognized as of December 31, 2015 and 2014 are disclosed in Note 21. The unrecognized deferred tax assets of the Company are disclosed in Note 21.

4. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand and in banks	P28,591,017	P25,098,217
Cash equivalents	1,183,208,744	400,581,661
	P1,211,799,761	P425,679,878

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. Short term investments, which have an average maturity of 30 days, earn interest ranging from 1.75% to 2.25% in 2015 and 1.75% to 2.00% in 2014.

Total interest income earned amounted to P8,542,619 in 2015 and P2,706,786 in 2014.

As of December 31, the Company's cash and cash equivalents include United States Dollar (US\$) and Hong Kong Dollar (HK\$) deposits with local banks as follows:

	US Dollar		HK Dollar	
	2015	2014	2015	2014
Foreign currency	\$257,685	\$185,731	\$53,401	\$53,401
Peso equivalent	P12,126,656	P8,305,890	P325,212	P307,056
Closing exchange rate per dollar as of December 31	P47.06	P44.72	P6.09	P5.75

Unrealized foreign exchange gain charged to profit or loss amounted to P743,818 and P486,151 in 2015 and 2014, respectively.



5. Financial Assets at FVPL

Financial assets at FVPL represent shares of stock of various publicly listed companies as of December 31, 2015 and 2014.

The movements in this account are as follows:

	2015	2014
Beginning balance	₱3,426,453	₱1,356,419
Fair value adjustment	816,087	2,070,034
Ending balance	₱4,242,540	₱3,426,453

6. Receivables

This account consists of:

	2015	2014
Trade:		
Rent (Note 22)	₱39,395,974	₱37,874,961
Installment contracts receivable	–	2,364,500
Nontrade:		
Related parties (Notes 22)	790,217,337	915,985,235
Interest (Note 4)	1,891,988	217,336
Advances to officers and employees	544,003	499,283
Others	2,316,966	2,436,923
	834,366,268	959,378,238
Allowance for impairment losses	(3,114,405)	(3,114,405)
	₱831,251,863	₱956,263,833

Rent receivables are noninterest-bearing and pertain to rental fees charged to the Company's subsidiaries, an affiliate and third parties for the use of commercial and carpark spaces. The normal credit terms range from 30 to 60 days.

Installment contracts receivable represent noninterest-bearing receivables from sale of condominium units with average term of one year or less.

The terms, balances and transactions with related parties are disclosed in Note 22.

Advances to officers and employees are normally settled in the next financial year.

Others consist of receivables with various insignificant amounts.

The movements of the allowance for impairment losses in 2015 and 2014 are as follows:

	2015	2014
Beginning balance	₱3,114,405	₱2,132,043
Provision for impairment loss (Note 18)	–	982,362
Ending balance	₱3,114,405	₱3,114,405



7. Properties Held for Sale

Properties held for sale consists of condominium units. The movements in properties held for sale is set out below:

	2015	2014
Beginning balance	₱78,157,835	₱78,385,335
Recognized cost of condominium units	(28,372,373)	(227,500)
Ending balance	₱49,785,462	₱78,157,835

Properties held for sale are stated at cost as of December 31, 2015 and 2014. There is no allowance for inventory write down as of December 31, 2015 and 2014.

8. Prepayments and Other Current Assets

This account consists of:

	2015	2014
CWT	₱138,815,199	₱113,358,858
Prepaid expenses	1,586,773	1,389,363
Deferred input VAT	254,369	463,271
	₱140,656,341	₱115,211,492

CWT is the tax withheld by the withholding agents from payments to the Company which can be applied against the income tax payable.

Prepaid expenses pertain to membership fees and dues, subscriptions, insurance, systems license and maintenance which are normally utilized within the next financial year.

Deferred input VAT pertains to the VAT on the purchase of property and equipment that is amortized for 5 years.

9. Investments and Advances

This account consists of:

	2015	2014
Cost:		
Preferred shares	₱917,761,304	₱917,761,304
Common shares	6,275,836,219	6,275,836,218
	7,193,597,523	7,193,597,522
Deposits for future stock subscription	4,836,625,026	5,293,342,289
	₱12,030,222,549	₱12,486,939,811



As of December 31, 2015 and 2014, the Company's subsidiaries, joint venture and associates and the related percentages of ownerships are as follows:

	Effective Percentages of Ownership	
	2015	2014
Property Development:		
Shang Properties Realty Corporation (SPRC)	100.00%	100.00%
Shang Property Developers, Inc. (SPDI)	100.00%	100.00%
The Rise Development Corporation, Inc. (TRDCI)*	100.00%	100.00%
Shang Global City Properties, Inc. (SGCPI)**	60.00%	60.00%
Leasing:		
SPI Parking Services, Inc. (SPSI)	100.00%	100.00%
Shangri-la Plaza Corporation (SLPC)	100.00%	100.00%
KSA Realty Corporation (KSA)	52.90%	52.90%
Real Estate:		
Ivory Post Properties, Inc. (IPPI)	100.00%	100.00%
KPPI Realty Corporation (KRC)	100.00%	100.00%
Martin B. Properties, Inc. (MBPI)	100.00%	100.00%
New Contour Realty, Inc. (NCRI)	100.00%	100.00%
Perfect Sites, Inc. (PSI)	100.00%	100.00%
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100.00%	100.00%
Shang Global City Holdings, Inc. (SGCHI)	100.00%	100.00%
Sky Leisure Properties, Inc. (SLPI)***	50.00%	50.00%
Ideal Sites and Properties, Inc. (ISPI)	40.00%	40.00%
Property Management:		
KPPI Management Services Corporation (KMSC)	100.00%	100.00%
Shang Property Management Services, Inc. (SPMSI)	100.00%	100.00%
Others:		
Gipsey, Ltd. (Gipsey, a BVI Company)	100.00%	100.00%
Silver Hero Investments Limited (SHIL, a BVI Company)****	100.00%	100.00%
EPHI Logistics Holdings, Inc. (ELHI)	60.00%	60.00%

* Owned through KRC

**59.4% owned through SGCHI and 0.6% own through SFBHI.

***Owned through PSI.

****Owned through Gipsey.

Except for Gipsey and SHIL, which were incorporated in the British Virgin Islands and uses Hong Kong dollars (HKD) as its functional currency, all the other subsidiaries were incorporated in the Philippines which uses Peso as their functional currency.



10. Investment Properties

This account consists of:

	2015		
	Land	Building	Total
Beginning balances	P7,981,000,000	P505,270,219	P8,486,270,219
Gain (loss) on fair value adjustment	528,659,000	(6,761,871)	521,897,129
Additions through subsequent expenditures	–	3,738,466	3,738,466
Ending balances	P8,509,659,000	P502,246,814	P9,011,905,814

	2014		
	Land	Building	Total
Beginning balances	P7,981,000,000	P497,350,426	P8,478,350,426
Additions through subsequent expenditures	–	7,919,793	7,919,793
Ending balances	P7,981,000,000	P505,270,219	P8,486,270,219

The Company's investment properties consist of parcels of land, carpark building and condominium spaces in Mandaluyong City. Management determined that the investment properties are classified as commercial properties based on the nature, characteristics and risks of each property.

As of December 31, 2015 and 2014, the fair values of the land and carpark building are based on valuations performed by Royal Asia Appraisal Corporation, a SEC accredited independent valuer. The valuation models are in accordance with that recommended by the International Valuation Standards Committee. The fair value of the condominium units, as measured in the parent company's financial statements, is based on internal appraisals rather than on a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value measurements for investment properties have been categorized as Level 2 for parcels of land and condominium units and Level 3 carpark building. The current use of these properties is their highest and best use.

The fair value of the Company's land and condominium units are determined using the market comparison method. Under the market comparison method (or market comparison approach), a property's fair value is estimated based on comparable transactions. The market comparison approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Company is the price per square meter (sqm). The market comparison approach is often used in combination with either DCF or the income capitalization method as many inputs to these methods are based on market comparison.



The following presents the valuation techniques and unobservable key inputs used to value the Company's investment properties categorized as Level 3.

Class of Property	Fair Value as of December 31, 2015	Valuation Technique	Unobservable Inputs	Unobservable Inputs (probability - weighted average)	Relationship of Unobservable Inputs to Fair Value
Carpark building	₱452,307,000	Cost Approach - Modified Quantity Survey Method	Reproduction cost per square meter	₱22,000 per square meter	The higher the reproduction cost, the higher the fair value
			Depreciation rate	28%	The higher the depreciation rate, the lower the fair value

The cost approach considers the possibility that, as an alternative to the purchase of a given property, one could acquire a modern equivalent asset that would provide equal utility. In a real estate context, this would involve the cost of acquiring equivalent land and constructing an equivalent new structure. Unless undue time, inconvenience, and risk are involved, the price that a buyer would pay for the asset being valued will be less attractive than the cost of the modern equivalent because of age or obsolescence. A depreciation adjustment is required to the replacement cost to reflect this. Modified quantity survey method requires an analysis of the improvements by breaking it down into major components such as foundation, columns, beams, flooring, walls, roofing, etc. using workable units as linear meter, square meter, cubic meter or other appropriate basic unit.

The following are the significant unobservable inputs:

- *Reproduction Cost*
Bills of quantities for each building component using the appropriate basic unit and related the unit cost for each component developed on the basis of current costs of materials, labor, plant and equipment prevailing in the locality to arrive at the direct cost of the building. Indirect costs such a contractor's profits, overhead, taxes, fees and other related expenses are then added to arrive at the reproduction cost new of the improvement.
- *Depreciation Rate*
Adjustments to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the improvement, and a comparison with similar new properties.

Rental revenue recognized for investment properties and direct operating expenses incurred for the leasing operations in 2015 and 2014 are as follows:

	2015	2014
Rental revenue	₱212,740,086	₱211,185,918
Direct operating expenses	(16,498,952)	(16,854,994)
Profit arising from investment properties carried at fair value	₱196,241,134	₱194,330,924

Direct operating expenses include real property taxes and expenses related to carpark operation.

There are no restrictions on the Company's title on investment properties nor are they pledged as security for liabilities.



11. Available-for-Sale Financial Assets

This account consists of:

	2015	2014
At cost – unquoted	₱79,274,352	₱79,274,352
At fair value – quoted		
Acquisition cost	9,121,515	9,121,515
Cumulative changes in fair value	6,925,000	4,875,000
	16,046,515	13,996,515
	₱95,320,867	₱93,270,867

Unquoted equity securities include unlisted shares of stock which the Company will continue to carry as part of its investment. The fair value of these investments cannot be reliably determined, thus, they are carried at cost less allowance for impairment, if any.

The quoted equity securities consist of investments in various golf club shares and stocks. These are carried at fair values with cumulative changes in fair values presented as part of “Other components of equity”. The fair values of these shares are based on the quoted market prices as of the reporting date.

Management intends to dispose the quoted and unquoted equity shares through sale, as the need arises. The movement in the cumulative changes in fair value of AFS financial assets is as follows:

	2015	2014
Beginning balance	₱4,875,000	₱4,375,000
Increase in fair value	2,050,000	500,000
Ending balance	₱6,925,000	₱4,875,000

12. Property and Equipment

This account consists of:

	2015				
	Building Improvements	Leasehold Improvements	Transportation Equipment	Furniture, Fixtures and Other Equipment	Total
Cost					
Beginning balances	₱37,913,826	₱13,676,483	₱25,022,952	₱28,776,736	₱105,389,997
Additions	115,626	–	3,239,284	1,684,205	5,039,115
Disposals	–	–	(2,605,356)	–	(2,605,356)
Ending balances	38,029,452	13,676,483	25,656,880	30,460,941	107,823,756
Accumulated Depreciation and Amortization					
Beginning balances	6,247,080	13,676,483	22,002,360	22,886,044	64,811,967
Depreciation	5,265,161	–	2,543,473	2,746,794	10,555,428
Disposals	–	–	(2,605,356)	–	(2,605,356)
Ending balances	11,512,241	13,676,483	21,940,477	25,632,838	72,762,039
Net Book Values	₱26,517,211	₱–	₱3,716,403	₱4,828,103	₱35,061,717



	2014				
	Building Improvements	Leaschold Improvements	Transportation Equipment	Furniture, Fixtures and Other Equipment	Total
Cost					
Beginning balances	P37,100,077	P13,676,483	P25,022,952	P24,221,168	P100,020,680
Additions	813,749	—	—	4,555,568	5,369,317
Ending balances	37,913,826	13,676,483	25,022,952	28,776,736	105,389,997
Accumulated Depreciation and Amortization					
Beginning balances	3,464,430	13,676,483	18,122,141	19,932,357	55,195,411
Depreciation	2,782,650	—	3,880,219	2,953,687	9,616,556
Ending balances	6,247,080	13,676,483	22,002,360	22,886,044	64,811,967
Net Book Values	P31,666,746	P—	P3,020,592	P5,890,692	P40,578,030

Costs of fully depreciated property and equipment that are still being used in operations amounted to P44,192,250 and P42,325,632 as of December 31, 2015 and 2014, respectively. There are no restrictions on the Company's title on the property and equipment and there are no property and equipment pledged as security for liabilities.

13. Accounts Payable and Other Current Liabilities

	2015	2014
Trade:		
Accounts payable	P16,324,016	P23,053,914
Payable to contractors and suppliers	44,347,825	44,347,825
Accrued interest (Note 14)	16,480,192	26,238,384
Accrued expenses	25,221,217	26,247,763
Nontrade:		
Payables to related parties (Note 22)	321,058,818	541,822,116
Output VAT	2,261,340	2,624,656
Withholding taxes	1,850,597	2,397,357
Others	1,247,670	859,554
	P428,791,675	P667,591,569

Accounts payable and accrued expenses are noninterest-bearing and are normally settled within 30 to 60 days and within the next financial year, respectively.

Payable to contractors and suppliers represents progress billings from various contractors for the material and labor costs incurred to date with normal credit terms of 30 to 60 days, but may go beyond as agreed.

The terms, conditions, outstanding balances and volume of related party transactions are disclosed in Note 22.

Output VAT represents tax due and payable after deducting the corresponding input VAT.

Withholding taxes payable are expected to be settled within the next financial year.

Other current liabilities pertain mainly to accrued employee sick leaves and various immaterial account balances.

There were no derecognized long outstanding liabilities in 2015 and 2014.



14. Long-term Loan

The current and noncurrent portions of this account as of December 31 and its movements during the year are as follows:

	2015	2014
Beginning principal balance	₱5,095,833,333	₱4,779,166,667
Proceeds from loan availment	–	900,000,000
Principal payments during the year	(1,895,833,333)	(583,333,334)
Ending principal balance	3,200,000,000	5,095,833,333
Less current portion	133,333,333	583,333,333
Noncurrent portion	₱3,066,666,667	₱4,512,500,000

On July 30, 2012, the Company obtained a ten-year loan facility from a local bank amounting to ₱5,000,000,000 with interest based on the higher between the three-month Treasury Bill rate as published in the PDST-R2 plus a spread of 0.75% per annum and the BSP overnight borrowing rate. The Company has a one-time option to convert to a fixed rate. The loan is payable in 24 equal quarterly installments commencing on the 17th quarter from the initial borrowing date, it is secured by a 'negative pledge' on all present and future assets of the Company and is subject to a debt service coverage ratio of 3:1 which was complied with by the Company. Total drawdown from the facility amounted to ₱3,200,000,000 as of December 31, 2015.

On February 12, 2008, the Company obtained an unsecured ten-year term loan facility from two local banks amounting to ₱3,500,000,000 with interest based on the higher between the PDST-R2 rate plus 0.75% per annum and the BSP overnight borrowing rate. The loan is payable in 24 equal quarterly installments commencing on the 17th quarter from the initial borrowing date and is subject to a debt-to-equity ratio of 3:1 which was complied with by the Company. The Company has fully drawn the facility as of December 31, 2009. The loan has been repaid in full in 2015.

Repayment Schedule

The repayments of long-term debt are scheduled as follows:

Year	Amount
2016	₱133,333,333
2017	533,333,333
2018	533,333,333
2019	533,333,333
2020	533,333,333
2021	533,333,333
2022	400,000,002
	₱3,200,000,000

Interest expense arising from the above loans charged to profit or loss amounted to ₱155,424,521 and ₱186,162,235 in 2015 and 2014, respectively.



15. Treasury Shares

There are 2,140,645 shares amounting to ₱6,850,064 that are in the treasury as of December 31, 2015 and 2014. There are no movements in the Company's treasury shares in 2015 and 2014.

16. Retained Earnings

Under the Corporation Code of the Philippines (Code), stock corporations are prohibited from retaining surplus profits in excess of 100% of the paid-up capital, except under certain conditions as provided in the Code. As of December 31, 2015 and 2014, the retained earnings of the Company are in excess of the paid-up capital by ₱5,088,509,213 and ₱2,373,561,423, respectively. Retained earnings not available for dividend declaration pertains to the gain on fair value adjustment of investment properties not yet realized.

The Company is annually declaring dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008. The retained earnings available for dividend declaration as of December 31, 2015 and 2014 amounted to ₱4,123,597,456 and ₱1,774,548,917, respectively.

The Parent Company's Board approved the declaration of the following cash dividends for the years ended December 31:

Date of Declaration	Record Date	Total	Per Share
2015			
March 27	April 15	₱404,763,059	₱0.085
August 18	September 3	333,334,596	0.070
		₱738,097,655	₱0.155
2014			
February 19	March 17	₱333,484,129	₱0.070
August 14	August 29	309,375,117	0.065
		₱642,859,246	₱0.135

As of December 31, 2015 and 2014, unpaid dividends amounted to ₱28,464,861 and ₱24,294,914, respectively.

17. Staff Costs

This account consists of:

	2015	2014
Salaries and wages	₱56,072,450	₱51,490,321
Employee benefits	5,892,372	5,486,754
Retirement benefit costs (Note 20)	8,158,277	6,333,446
Others	1,934,937	1,756,509
	₱72,058,036	₱65,067,030



18. General and Administrative Expenses

	2015	2014
Professional fees and outside services	P23,732,878	P20,511,915
Carpark expense	7,643,339	7,673,650
Rent (Note 22)	3,772,523	3,592,934
Transportation and travel	2,779,338	2,336,024
Repairs and maintenance	2,417,149	2,150,846
Telephone and communication	2,245,779	2,171,372
Janitorial, security and other services	2,212,673	2,166,751
Utilities	2,173,214	1,750,856
Membership fees and dues	2,081,310	2,029,506
Condominium dues (Note 22)	1,549,020	2,445,042
Supplies	1,406,577	1,399,884
Entertainment, amusement and recreation	777,653	740,564
Insurance	407,631	284,802
Reproduction charges	281,121	236,159
Provision for impairment loss (Note 6)	—	982,362
Others	1,266,410	1,858,748
	P54,746,615	P52,331,415

Taxes and Licenses

Taxes and licenses pertain to payment for business taxes, permits, real property taxes and other taxes incurred by the Company as of December 31, 2015 and 2014 amounted to P14,191,498 and P38,598,714, respectively.

19. Other Income

	2015	2014
Foreign exchange gain (Note 4)	P743,818	P486,151
Gain on sale of property and equipment (Note 12)	600,786	—
Banner income	210,000	—
Income from default payment	117,658	258,110
	P1,672,262	P744,261

20. Retirement Benefits

The Company has a funded, noncontributory defined benefit plan, providing death, disability and retirement benefits for all of its regular employees. Under the plan, the normal retirement age is 60 years old and completion of at least five years of service. Normal retirement benefit consists of a lump sum benefit equivalent to 100% of the employee's final pay for every year of service.

The funds are administered by a trustee bank under the supervision of the Company's Treasury Department (Treasury). The Treasury is responsible for investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy).



Under the existing regulatory framework, Republic Act (RA) 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Company is compliant with this regulatory framework.

Retirement benefit costs recognized in the parent company statement of comprehensive income as part of "Staff costs" consist of the following:

	2015	2014
Current service cost	₱7,705,500	₱6,467,400
Net interest cost		
Interest on defined benefit obligation	3,108,670	2,426,740
Interest from fair value of plan assets	(2,655,893)	(2,560,694)
	₱8,158,277	₱6,333,446

The components of remeasurements, before tax effect, in the statements of comprehensive income are as follows:

	2015	2014
Actuarial loss (gain) in defined benefit obligation	(₱1,845,484)	₱6,640,540
Return on plan assets	1,389,585	5,511,404
Change in the effect of asset ceiling	—	(3,018,101)
	(₱455,899)	₱9,133,843

The retirement liabilities (retirement assets) recognized in the statement of financial position were determined as follows:

	2015	2014
Present value of defined benefit obligations	₱66,446,280	₱70,015,100
Fair value of plan assets	(71,300,162)	(59,817,399)
	(₱4,853,882)	₱10,197,701

The movements in the present value of defined benefit obligations are as follows:

	2015	2014
Beginning balance	₱70,015,100	₱57,866,901
Current service cost	7,705,500	6,467,400
Interest cost	3,108,670	2,426,740
Actuarial loss (gain) arising from:		
Changes in financial assumptions	(5,963,294)	3,459,700
Experience adjustments	4,117,810	3,180,840
Benefits paid	(12,537,506)	(3,386,481)
Ending balance	₱66,446,280	₱70,015,100



The movements in the fair value of plan assets are as follows:

	2015	2014
Beginning balance	₱59,817,399	₱62,768,109
Interest income	2,655,893	2,560,694
Expected return on plan assets	(1,389,585)	(5,511,404)
Contributions paid	10,216,455	—
Ending balance	₱71,300,162	₱59,817,399

The fair value of the Company's plan assets by each class as of the end of the reporting period are as follow:

	2015	2014
Cash in banks	₱24,966,307	₱20,945,528
Investments in debt instruments:		
Treasury notes and bonds	42,804,377	35,910,809
Corporate notes and bonds	3,529,478	2,961,062
	₱71,300,162	₱59,817,399

The significant portion of the debt instruments held have quoted prices in an active market. The remaining plan assets do not have quoted market prices in an active market. The plan assets are highly concentrated in treasury notes and bonds but have no credit risk since these are government obligations.

The principal actuarial assumptions used are as follows:

	2015	2014
Future salary increase rate	4.00%	5.00%
Discount rate	4.80%	4.44%

Mortality rate is based on the 1994 Group Annuity Mortality (GAM) Table for both 2015 and 2014.

The discount rates used is a single weighted average rate based on bootstrapped Philippine Dealing System Treasury Reference Rates (PDST-R2) at various tenors as of December 31. Rates for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate. The turnover rate represents the proportion of current plan members who will resign from service prior to their retirement date and hence be entitled to resignation benefits instead of retirement benefits.

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

Significant Assumptions	2015	2014
Discount rate		
Increase of 1%	P62,425,143	P65,415,200
Actual	66,446,280	70,015,100
Decrease of 1%	71,006,913	75,270,900
Future salary increase rate		
Increase of 1%	70,652,256	74,833,100
Actual	66,446,280	70,015,100
Decrease of 1%	62,671,692	65,713,600

The management performed an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Company's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risks of the plan. The Company's current strategic investment strategy consists of 60% treasury investments, 5% corporate investments and 35% cash.

The Company expects to contribute P9,788,314 to the defined benefit plan in 2016.

The average duration of the defined benefit obligation as of December 31, 2015 and 2014 is 13 years and 14 years, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

Plan Year	2015	2014
Less than one year	P19,778,364	P853,244
More than one year to five years	10,247,229	39,827,969
More than five years to 10 years	51,729,811	47,124,190
More than 10 years to 15 years	44,662,689	41,147,364
More than 15 years to 20 years	30,859,153	31,343,981
More than 20 years	47,917,590	67,777,628

21. Income Taxes

- a. The details of provision for (benefit from) income taxes for the years ended December 31 are as follows:

	2015	2014
Current:		
MCIT	P4,710,899	P4,051,127
Final tax on interest income	1,707,720	539,923
	6,418,619	4,591,050
Deferred	152,422,804	(8,009,950)
	P158,841,423	(P3,418,900)



- b. The details of net deferred tax liabilities as of December 31 are as follows:

	2015	2014
Deferred tax assets:		
Accrued staff costs and expense accruals not subjected to withholding tax	P20,364,063	P23,017,681
Excess MCIT over RCIT	9,455,979	4,745,080
Unamortized funded past service cost	5,072,352	1,586,604
Allowance for impairment	934,322	934,322
	35,826,716	30,283,687
Deferred tax liabilities:		
Unrealized gain on cumulative fair value adjustments of:		
Investment properties	2,765,175,571	2,608,606,432
AFS financial assets	2,077,500	1,462,500
Retirement assets	1,456,165	-
Unrealized foreign exchange gain	223,145	145,846
	2,768,932,381	2,610,214,778
Net deferred tax liabilities	P2,733,105,665	P2,579,931,091

- c. The unrecognized carryforward benefit of NOLCO which can be claimed as deduction against future taxable income will expire in the years indicated below:

Year	Beginning	Incurring	Expired	Ending	Available Until
2014	P122,733,809	P-	P-	P122,733,809	2017
2015	-	72,882,120	-	72,882,120	2018
	P122,733,809	P72,882,120	P-	P195,615,929	

- d. The carryforward benefit of MCIT which can be claimed as tax credit against regular income tax will expire in the years indicated below:

Year	Beginning	Incurring	Expired	Ending	Available Until
2013	P693,953	P-	P-	P693,953	2016
2014	4,051,127	-	-	4,051,127	2017
2015	-	4,710,899	-	4,710,899	2018
	P4,745,080	P4,710,899	P-	P9,455,979	

- e. The reconciliations of provision for income taxes at the statutory income tax rate to provision for income taxes in the profit or loss for the years ended December 31 are as follows:

	2015	2014
Provision for income tax at statutory income tax rate	P1,083,566,060	P330,055,518
Adjustments for the income tax effect of:		
Dividend income	(945,124,641)	(370,475,800)
Interest income subjected to final tax	(855,066)	(272,113)
Change in unrecognized deferred tax assets	21,864,636	38,668,900

(Forward)



	2015	2014
Gain on fair value adjustment of financial assets at FVPL	(P244,826)	(P621,010)
Other nontaxable income, net of nondeductible expenses	(364,340)	(774,395)
Provision for (benefit from) income tax in profit or loss	P158,841,823	(P3,418,900)

- f. The following are the deferred taxes directly recognized in equity:

	2015	2014
Gain on fair value change of AFS financial assets	P615,000	P150,000
Remeasurement gain (loss) on defined benefit plan	136,770	(2,740,153)
Provision for (benefit from) income tax	P751,770	(P2,590,153)

22. Related Party Transactions and Balances

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The following are the transactions with subsidiaries:

- A portion of the Company's land where the main wing of the mall is located is being leased to SLPC for a period of 25 years from January 6, 1993. Rental revenue is calculated at 10% of SLPC's annual rental revenue from mall operations plus a certain percentage of the carpark's net income.
- On January 16, 2002, SPSI entered into an agreement with the Company and SLPC. Under the agreement, SPSI is granted limited usufructuary rights over the parking spaces of the Company and SLPC for a consideration equivalent to 94% of the SPSI's gross revenue less direct and indirect expenses relating to the Company's parking facilities. The agreement is effective until December 31, 2002 and shall be renewed automatically on a yearly basis.
- On January 1, 2001, the Company entered into a cost sharing agreement with its related parties for the services rendered by the officers of the Company to them.
- The Company earns dividends from its subsidiaries.
- The Company leases its office space from SLPC for a period of three years that ended on May 16, 2013 and was extended for another three years that will end on May 16, 2016. The Company agrees to pay SLPC for a fixed monthly rental amounting to P352.80 per square meter with an annual escalation of 5%.



- f. In 2013, the Company and SPRC entered into a Deed of Absolute Sale for the sale of a parcel of land owned by the Company with total area of 9,852 square meters located at Internal Road, Shangri-la Place, Mandaluyong City for a total consideration of ₱640,380,000. This resulted to a loss on sale of the land amounting to ₱344,820,000.
- g. Certain expenses are initially paid for by the Company (related party) and are subsequently reimbursed by the related party (Company) to whom such payment was intended for.
- h. On February 17, 2012, the Board passed and approved a resolution wherein it agreed to act as a surety to the loan of FBSHI, now SGCPI, the surviving entity in a merger in 2014. On April 11, 2012, FBSHI secured a ₱10,000,000,000 long-term loan facility with a local bank to finance the construction of a hotel, serviced apartment, and residential units in Fort Bonifacio, Taguig City in relation to the Shangri-La at the Fort Project. Under the continuing suretyship agreement executed between the Company and the local bank on May 23, 2012, the Company agreed to be solidarily liable to the extent of 50% of any and all amounts due under the loan agreement between FBSHI and the local bank. The local bank is entitled under current jurisprudence to demand directly from the Company any and all amounts due. As of December 31, 2015 and 2014, the outstanding balance of the long-term loan amounted to ₱8,964,329,487 and ₱6,752,835,572, respectively. As of December 31, 2015 and 2014, the Company has not recorded any liability in connection with the loan.

The following are the transactions with affiliates by common investor with significant influence:

- i. A portion of the Company's land is being leased by ESHRI, where the EDSA Shangri-La Manila Hotel (the Hotel) is located. The lease is for a period of 25 years commencing on August 28, 1992 and renewable for another 25 years at the option of ESHRI. Rental revenue is based on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service revenue.

The following are the transactions with affiliates by common key management personnel:

- j. The Company pays dues to TSFSPCC for real property tax, association dues and condominium dues for condominium units owned by the Company in TSFSP.
- k. Certain expenses of affiliates are initially paid for by the Company (related party) and are subsequently reimbursed by the related party (Company) to whom such payment was intended for. Cash advances are also provided between the Company and related parties.

The following are the transactions with key management personnel:

- l. Compensation of key management personnel for the years ended December 31 consists of the following:

	2015	2014
Salaries and other short-term employee benefits	₱13,323,516	₱12,950,349
Post-employment benefits	3,047,599	2,213,788
	₱16,371,115	₱15,164,137

There are no stock option plans for officers and employees and no other long-term benefits aside from retirement benefits.



The following table summarizes the foregoing transactions:

	Amount/Volume		Outstanding Balance			
	2015	2014	2015	2014	Terms	Conditions
Rental Income						
<i>Subsidiaries</i>						
SLPC (a)	P116,175,732	P116,469,419	P11,700,485	P11,216,886	60-day; noninterest- bearing	Unsecured; no impairment
SPSI (b)	7,834,678	5,832,401	941,929	835,478	60-day; noninterest- bearing	Unsecured; no impairment
<i>Affiliate by common key management personnel</i>						
ESHRI (i)	84,909,852	85,209,600	26,753,560	25,822,597	60-day; noninterest- bearing	Unsecured; no impairment
	P208,920,262	P207,511,420	P39,395,974	P37,874,961		
Cost Sharing						
<i>Subsidiaries (v)</i>						
SLPC	P36,188,559	P23,925,124	P24,244,283	P15,634,409	60-day; noninterest- bearing	Unsecured; no impairment
KSA	1,681,382	2,979,392	254,158	33,609	60-day; noninterest- bearing	Unsecured; no impairment
	P37,869,941	P26,904,516	P24,498,441	P15,668,018		
Dividend Income						
<i>Subsidiaries (d)</i>						
SPRC	P2,000,000,000	P-	P706,997,879	P-	30 days from date of declaration; noninterest- bearing	Unsecured; no impairment
SLPC	725,000,000	725,000,000	-	-	30 days from date of declaration; noninterest- bearing	Unsecured; no impairment
KSA	317,383,324	423,177,766	-	-	30 days from date of declaration; noninterest- bearing	Unsecured; no impairment
SPDI	95,000,000	75,000,000	-	-	30 days from date of declaration; noninterest- bearing	Unsecured; no impairment
SPSI	4,400,000	4,200,000	4,400,000	4,200,000	30 days from date of declaration; noninterest- bearing	Unsecured; no impairment
SPMSI	5,300,000	4,000,000	5,300,000	4,000,000	30 days from date of declaration; noninterest- bearing	Unsecured; no impairment
<i>Affiliates by common key management personnel</i>						
Brown Swallow Development Corporation	2,117,500	2,420,000	-	-	30 days from date of declaration; noninterest- bearing	Unsecured; no impairment
Green Mangrove Realty, Inc.	1,210,000	1,119,250	-	-	30 days from date of declaration; noninterest- bearing	Unsecured; no impairment
	P3,150,410,824	P1,234,917,016	P716,697,879	P8,200,000		



	Amount/Volume		Outstanding Balance			
	2015	2014	2015	2014	Terms	Conditions
Rental Expense						
<i>Subsidiary</i>						
SLPC (e)	P3,772,523	P3,592,934	P320,106	P304,885	30-day; noninterest- bearing	Unsecured
Sale of Land						
<i>Subsidiary</i>						
SPRC (f)	P-	P-	P-	P485,206,600	On demand; noninterest- bearing	Unsecured; no impairment
Condominium Dues						
<i>Affiliate by common key management personnel</i>						
TSFSPCC (j)	P1,549,020	P2,445,042	P1,445,177	P-	30-day; noninterest- bearing	Unsecured
Subsidiaries and Affiliates' Share in Expenses						
<i>Subsidiaries (g)</i>						
SPRC	P87,098,399	P80,800,624	P418,769	P363,079,323	30-day; noninterest- bearing	Unsecured; no impairment
SPMSI	6,154,268	5,595,657	24,949,930	22,622,222	30-day; noninterest- bearing	Unsecured; no impairment
SPDI	9,917,794	8,236,960	1,672,843	1,185,828	30-day; noninterest- bearing	Unsecured; no impairment
SPSI	866,526	860,280	227,893	370,619	30-day; noninterest- bearing	Unsecured; no impairment
KMSC	25,557	25,609	1,062,775	1,037,217	30-day; noninterest- bearing	Unsecured; no impairment
SFBHI	3,755	1,508	500,759	500,441	30-day; noninterest- bearing	Unsecured; no impairment
SGCHI	3,289	1,020	500,727	500,386	30-day; noninterest- bearing	Unsecured; no impairment
<i>Affiliates by common key management personnel (k)</i>						
The Enterprise Center Condominium Corporation	6,094,640	3,233,006	693,547	634,940	30-day; noninterest- bearing	Unsecured; no impairment
Royal Asia Land, Inc. The Shang Grand Tower Condominium Corporation	2,034,942	1,722,921	471,415	138,752	30-day; noninterest- bearing	Unsecured; no impairment
TSFSPCC	1,156,994	1,337,894	487,583	560,096	30-day; noninterest- bearing	Unsecured; no impairment
ESHRI	651,534	921,281	146,808	463,647	30-day; noninterest- bearing	Unsecured; no impairment
ISPI	305,792	703,104	3,899,990	3,600,548	30-day; noninterest- bearing	Unsecured; no impairment

(Forward)



	Amount/Volume		Outstanding Balance		Terms	Conditions
	2015	2014	2015	2014		
FBSHI	P7,044	P2,568,905	P4,255,097	P820,864	30-day; noninterest-bearing	Unsecured; no impairment
Atca Tierra Corporation	2,228	-	2,228	-	30-day; noninterest-bearing	Unsecured; no impairment
MBRI Clavall Properties, Inc.	643	597	(7,793)	(7,459)	30-day; noninterest-bearing	Unsecured; no impairment
	583	917	12,332	12,332	30-day; noninterest-bearing	Unsecured; no impairment
Others	29,036,175	6,316,557	6,982,765	9,880,247	30-day; noninterest-bearing	Unsecured; with impairment
	P144,967,991	P113,929,222	P49,021,017	P406,910,617		
Subsidiaries and Affiliates' Share in Expenses						
<i>Subsidiaries(f)</i>						
SLPC	P13,105,277	P15,993,846	P2,675,938	P868,639	30-day; noninterest-bearing	Unsecured
SPRC	6,965,605	63,342,950	4,004,889	1,136,141	30-day; noninterest-bearing	Unsecured
SPDI	-	-	311,151,271	539,152,062	30-day; noninterest-bearing	Unsecured
<i>Affiliates by key management personnel (k)</i>						
ESHRI	883,918	-	264,440	-	30-day; noninterest-bearing	Unsecured
Others	2,154,376	665,644	1,196,997	360,389	30-day; noninterest-bearing	Unsecured
	P23,109,176	P80,002,440	P319,293,535	P541,517,231		

23. Commitments and Contingencies

On July 14, 1993, a complaint was initially filed before the Regional Trial Court (RTC) - Pasig by the principal contractor of the Mall against the Company and the Board for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees and litigation costs totaling to about P122,000,000, exclusive of interest. In the answer *ex abundante ad cautelam*, as a counterclaim, the Company is asking for approximately P182,000,000 in overpayment plus P7,000,000 in damages and litigation costs. Due to technical reasons, the principal contractor re-filed the case on or about June 23, 1998 with the Construction Industry Arbitration Commission (CIAC).

On October 27, 1998, the RTC - Pasig issued an order directing the parties to arbitrate their dispute under the Arbitration Law. A similar order was issued by the CIAC on February 3, 1999 dismissing the proceedings instituted before it by the plaintiff. The plaintiff, accordingly, served a demand for arbitration dated April 5, 1999 under the provisions of the Arbitration Law.

The arbitration hearing, during which both the Company and the principal contractor were given the opportunity to present their witnesses, commenced in December 2006 and ended with the decision of the Arbitral Tribunal promulgated on July 31, 2007. In its decision, the Arbitral



Tribunal awarded to the principal contractor the sum of ₱46,905,987, and to the Company, the sum of ₱8,387,484 (net award to the principal contractor was ₱38,518,503).

The principal contractor has appealed the Arbitral Tribunal's decision to the Court of Appeals, praying for the award of the full amount of its claim. The Company has partially appealed the said decision, praying for the reduction of the award to the plaintiff. The Court of Appeals, in its decision dated August 12, 2008 and resolution dated April 16, 2009, awarded to the principal contractor ₱24,497,556, unpaid progress billings based on the original scope of work, and denied the Company of its motion for partial reconsideration.

On June 5, 2009, the Company filed a Petition for Review on Certiorari to the Supreme Court praying to issue an order or decision: (a) declaring the Company as not liable to the principal contractor for unpaid progress billings based on the original scope of work, (b) ordering the principal contractor to pay the Company ₱7,590,000 as liquidated damages, and (c) setting aside or reversing the Court of Appeal's decision and resolution insofar as they are adverse to the Company. On a Petition for Review on Certiorari dated June 11, 2009, the principal contractor prayed to the Supreme Court to modify the decision and resolution of the Court of Appeals, to award the principal contractor the full amount of its claim. Both petitions are pending resolution by the Supreme Court as of March 4, 2016.

The Company has other pending legal cases which are being contested by the Company and its legal counsels. Management and the legal counsels believe that the final resolution of these cases will not have a material effect on the Company's financial position and results of operations.

24. Leases

Company as a Lessor

The Company entered into operating lease agreements with related parties covering the freehold land, a building and its improvements. The Company also leases certain commercial areas at TSFSP to third parties. The lease agreements, where the Company is the lessor, provide for a fixed monthly rental or a certain percentage of gross revenue.

Rental revenues are as follows:

	2015	2014
Percentage basis	₱208,920,262	₱207,511,420
Fixed monthly rental	3,819,824	3,674,498
	₱212,740,086	₱211,185,918

Total future minimum lease collections under the non-cancellable operating lease with fixed monthly rental are as follows:

	2015	2014
Within one year	₱4,238,629	₱2,769,661
More than one year but not more than five years	17,822,456	—
	₱22,061,085	₱2,769,661



Company as a Lessee

The Company leases its office space from SLPC. Total future minimum lease payments for this non-cancellable operating lease are as follows:

	2015	2014
Within one year	₱2,080,691	₱3,757,447
More than one year but not more than five years	–	1,760,585
	₱2,080,691	₱5,518,032

25. Fair Value Measurement

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as of December 31, 2015:

	Fair Value Measurement Using			Total
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets Measured at Fair Value				
Financial assets at FVPL	₱4,242,540	₱–	₱–	₱4,242,540
Investment properties:				
Land	–	8,509,659,000	–	8,509,659,000
Buildings	–	49,939,814	452,307,000	502,246,814
AFS financial asset - quoted	16,046,515	–	–	16,046,515
Assets for which Fair Values are Disclosed				
Receivables*	–	830,707,860	–	830,707,860
AFS financial assets – unquoted	–	–	79,274,352	79,274,352
Refundable deposit	–	425,424	–	425,424
Liabilities for which Fair Values are Disclosed				
Accounts payable and other current liabilities**	–	424,679,738	–	424,679,738
Dividends payable	–	28,464,861	–	28,464,861
Long-term loan	–	3,200,000,000	–	3,200,000,000
Deposits from tenants	–	1,085,905	–	1,085,905

*excluding advances to officers and employees amounting to ₱544,003.

**excluding output VAT and withholding taxes amounting to ₱4,111,937.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as of December 31, 2014:

	Fair Value Measurement Using			Total
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets Measured at Fair Value				
Financial assets at FVPL	₱3,426,453	₱–	₱–	₱3,426,453
Investment properties:				
Land	–	7,981,000,000	–	7,981,000,000
Buildings	–	49,939,814	455,330,405	505,270,219
AFS financial assets - quoted	13,996,515	–	–	13,996,515

(Forward)



	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets for which Fair Values are Disclosed				
Receivables*	P=	P955,764,550	P=	P955,764,550
AFS financial assets – unquoted	–	–	79,274,352	79,274,352
Refundable deposit	–	425,424	–	425,424
Liabilities for which Fair Values are Disclosed				
Accounts payable and other current liabilities**	–	662,596,556	–	662,596,556
Dividends payable	–	24,294,914	–	24,294,914
Long-term loan	–	5,095,833,333	–	5,095,833,333
Deposits from tenants	–	999,039	–	999,039

*excluding advances to officers and employees amounting to P499,283.

**excluding output VAT and withholding taxes amounting to P5,022,013.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There have been no assets and liabilities transferred between Level 1, Level 2 and Level 3 during the period.

26. Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Financial Assets at FVPL

The fair value of financial assets at FVPL is based on quoted market prices at the reporting date.

Cash in Banks and Cash Equivalents; Receivables Other than Installment Contracts Receivable; Accounts Payable and Other Current Liabilities; and Dividend Payable

Due to the short-term nature of these financial instruments, their carrying values approximate their fair values.

Installment Contracts Receivable

The fair value of installment contracts receivable are based on the discounted value of future cash flows using applicable rates for similar instruments.

Refundable Deposits and Deposits from Tenants

Refundable deposits and deposits from tenants were not discounted because management has assessed that the undiscounted amounts approximate their amortized costs, thus, the carrying values of these financial instruments approximate their fair values.

AFS Financial Assets

The fair value of quoted equity securities is based on quoted market prices as of the reporting date. The fair value of unquoted equity securities is not reasonably determinable.



Long-term Loan

The carrying value of the long-term loan approximates its fair value because of recent and monthly re-pricing based on market conditions.

Fair Value Hierarchy

The fair value hierarchy of the financial instruments is disclosed in Note 25.

27. Financial Risk Management Objective and Policies

The Company's principal financial instruments comprise cash and cash equivalents, financial assets at FVPL, loans and receivables, AFS financial assets and other financial liabilities. They are held primarily to finance the Company's operations and capital expenditures. The Company's financial instruments, such as cash and cash equivalents, trade receivables and trade payables, arise directly from the conduct of the Company's operations.

The main risks arising from the use of the financial instruments are interest rate risk, credit risk and liquidity risk. Management has assessed that foreign exchange risk and equity price risk are insignificant to the parent company financial statements.

Risk management is carried out by the Company's management under policies approved by the Board. The Company's management identifies and evaluates financial risks in close cooperation with the Company's operating units.

The main objective of the Company's financial risk management is to minimize the potential adverse effects of the unpredictability of financial markets on the Company's financial performance. The Board provides principles for overall risk management as follows:

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The cash flows of the Company's bank loans that are exposed to interest rate risk as of each reporting period are disclosed in Note 14.

Interest rates on all bank loans are based on the higher between the PDST-R2 rate and the BSP overnight borrowing rate.

The Company's interest rate risk management policy focuses on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Company's interest-bearing loan with floating interest rate as it can cause a change in the amount of interest payments.

Interest on financial instruments with floating rates is re-priced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The Company invests excess funds in short-term placements in order to mitigate any increase in interest rate on borrowings.



The following table represents the impact on the Company's income before income tax brought about by reasonably possible change in interest rates, with all other variables held constant, as of December 31 until its next financial reporting date:

	Change in Interest Rate	Effect on Income before Income Tax
2015	Increase by 0.50%	(P16,000,000)
	Decrease by 0.50%	16,000,000
2014	Increase by 0.95%	(48,410,417)
	Decrease by 0.95%	48,410,417

There is no other effect on the Company's equity other than those already affecting profit or loss.

Credit Risk

Credit risk is the risk that the Company will incur financial losses because its counterparties failed to discharge their contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables), including deposits with banks and other financial instruments. The Company has no significant concentration on credit risk.

Trade Receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In the case of leasing operation, lessees are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary. The maximum exposure to credit risk at the reporting date is equivalent to the carrying value of the receivable as disclosed in Note 6 which are neither past due nor impaired.

Financial Instruments and Cash Deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties to mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the component of the statement of financial position at December 31, 2015 and 2014 is equivalent to their carrying amounts except for financial guarantees. The Company's maximum exposure relating to financial guarantees is noted in the liquidity table below.

The following tables provide the aging analysis of receivables from related parties that are past due but not impaired under the Company's receivables account as of December 31:

	Total	Neither Past Due nor Impaired	Past Due but Not Impaired		
			< 30 Days	30 – 60 Days	> 60 Days
2015	P789,234,975	P719,508,356	P16,658,288	P4,548,905	P48,519,426
2014	915,002,873	31,679,051	15,394,042	1,403,676	866,526,104

The credit quality of the financial assets classified under neither past due nor impaired was determined as follows:

Cash and cash equivalents, financial assets at FVPL and AFS financial assets are considered by management as high grade because counterparties have a strong financial capacity to meet their obligations.



Receivables which are standard grade pertain to receivables from existing and active tenants, customers, related parties, counter parties, officers and employees. Standard grade accounts are active accounts with minimal to regular instances of payment default due to ordinary or common collection issues. The accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade pertains to receivables from related parties and counter parties that have already ceased their respective operations. Substandard grade are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended terms. Financial assets in which outstanding balance may not be recovered and are individually assed as impaired are disclosed in Note 6.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at reasonable prices. The Company maintains sufficient cash and cash equivalents in order to fund its operations. The Company monitors its cash flows and carefully matches the cash receipts from its condominium sales and leasing operations against cash requirements for its operations. The Company utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

The tables below summarize the maturity profile of financial assets compared with the contractual undiscounted payments of financial liabilities in order to provide a complete view of the Company's liquidity as of December 31:

	2015				Total
	Within 1 Year	Over 1 to 3 Years	Over 3 to 5 Years	Over 5 Years	
Financial Assets					
Financial assets at FVPL	P4,242,540	P-	P-	P-	P4,242,540
Loans and receivables:					
Cash and cash equivalents	1,211,799,761	-	-	-	1,211,799,761
Receivables:					
Rent	39,395,974	-	-	-	39,395,974
Related parties	789,234,975	-	-	-	789,234,975
Interest	1,891,988	-	-	-	1,891,988
Others	184,924	-	-	-	184,924
Refundable deposits	-	425,424	-	-	425,424
AFS financial assets	-	-	-	95,320,867	95,320,867
	P2,046,750,162	P425,424	P-	P95,320,867	P2,142,496,453
Financial Liabilities					
Accounts payable and other current liabilities*	P424,679,738	P-	P-	P-	P424,679,738
Long-term loan	133,333,333	1,600,000,000	1,066,666,667	400,000,000	3,200,000,000
Deposits from tenants	-	1,085,905	-	-	1,085,905
Dividend payable	28,464,861	-	-	-	28,464,861
Financial guarantee**	4,482,164,744	-	-	-	4,482,164,744
	P5,068,642,676	P1,601,085,905	P1,066,666,667	P400,000,000	P8,136,395,248

* Excludes output VAT, and withholding taxes amounting to P4,111,937.

**Based on the maximum amount that can be called for under the financial guarantee contract (Note 22).



	2014				Total
	Within 1 Year	Over 1 to 3 Years	Over 3 to 5 Years	Over 5 Years	
Financial Assets					
Financial assets at FVPL	P3,426,453	P-	P-	P-	P3,426,453
Loans and receivables:					
Cash and cash equivalents	425,679,878	-	-	-	425,679,878
Receivables:					
Rent	37,874,960	-	-	-	37,874,960
Installment contracts receivable	2,364,500	-	-	-	2,364,500
Related parties	915,002,872	-	-	-	915,002,872
Interest	217,336	-	-	-	217,336
Others	304,880	-	-	-	304,880
Refundable deposits	-	425,424	-	-	425,424
AFS financial assets	-	-	-	93,270,867	93,270,867
	P1,384,870,879	P425,424	P-	P93,270,867	P1,478,567,170
Financial Liabilities					
Accounts payable and other current liabilities*	P662,569,556	P-	P-	P-	P662,569,556
Long-term loan	583,333,333	1,833,333,333	1,212,500,000	1,466,666,667	5,095,833,333
Deposits from tenants	-	999,039	-	-	999,039
Dividend Payable	24,294,914	-	-	-	24,294,914
	P1,270,197,803	P1,834,332,372	P1,212,500,000	P1,466,666,667	P5,783,696,842

* Excludes output VAT, and withholding taxes amounting to P5,022,013.

28. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating, comply with externally imposed capital requirements, and maintain healthy capital ratios in order to support its business and maximize stockholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2015 and 2014.

The Company monitors capital using a gearing ratio, which is net debt divided by capital. The Company includes within net debt bank loans less cash and cash equivalents. Capital pertains to total equity.

	2015	2014
Net Debt		
Long-term loan	P3,200,000,000	P5,095,833,333
Less cash and cash equivalents	1,211,799,761	425,679,878
	1,988,200,239	4,670,153,455
Capital		
Total equity	17,024,078,114	14,307,376,196
Gearing Ratio	11.68%	32.64%

The Company was able to meet its capital management objectives.



29. Segment Information

The Company's operating businesses are organized and managed according to the nature of the products and services marketed, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company has operations only in the Philippines.

In 2015 and 2014, the Company derives revenues from three main segments as follows:

Property Development

This business segment pertains to the sale of condominium, storage and parking units of the TSFSP project.

Leasing

This business segment pertains to the leasing of land and a building together with the carpark operation. Significant portion of this segment comes from lease agreements with related parties.

Others

This business segment pertains to management services provided on real estate projects.

The segment assets, liabilities and results of operations of the reportable segments of the Company as of and for the year ended December 31, 2015 are as follows:

	Property Development	Leasing	Others	Total
Revenue/sales	P58,147,402	P212,740,086	P-	P270,887,488
Cost of sales	(28,372,373)	-	-	(28,372,373)
Gross profit or revenue	29,775,029	212,740,086	-	242,515,115
Staff costs	-	(72,058,036)	-	(72,058,036)
Taxes and licenses	-	(14,191,498)	-	(14,191,498)
Depreciation and amortization	-	(10,555,428)	-	(10,555,428)
Segment results	29,775,029	115,935,124	-	145,710,153
Dividend income	2,095,000,000	1,050,110,824	5,304,645	3,150,415,469
Interest expense	-	(155,424,521)	-	(155,424,521)
Interest income	-	8,542,619	-	8,542,619
Other income	-	1,672,262	-	1,672,262
General and administrative expenses	-	(54,746,615)	-	(54,746,615)
Gain on fair value adjustment of investment properties	-	521,897,129	-	521,897,129
Gain on fair value adjustment of financial assets at FVPL	-	816,087	-	816,087
Bank charges	-	(6,995,715)	-	(6,995,715)
Provision for income tax	(595,501)	(158,245,922)	-	(158,841,423)
Net income for the year	P2,124,179,528	P1,323,561,272	P5,304,645	P3,453,045,445
Segment assets	P49,785,462	P23,365,740,758	P-	P23,415,526,220
Segment liabilities	P133,928	P6,391,314,178	P-	P6,391,448,106
Capital expenditures for the year	P-	P8,777,581	P-	P8,777,581



The segment assets, liabilities and results of operations of the reportable segments of the Company as of and for the year ended December 31, 2014 are as follows:

	Property Development	Leasing	Others	Total
Revenue	P660,246	P211,185,918	P-	P211,846,164
Cost of sales	(227,500)	-	-	(227,500)
Gross profit or revenue	432,746	211,185,918	-	211,618,664
Staff costs	-	(65,067,030)	-	(65,067,030)
Taxes and licenses	-	(38,598,714)	-	(38,598,714)
Depreciation and amortization	-	(9,616,556)	-	(9,616,556)
Segment results	432,746	97,903,618	-	98,336,364
Dividend income	75,000,000	1,155,917,016	4,002,318	1,234,919,334
Interest expense	-	(186,162,235)	-	(186,162,235)
Interest income	-	2,706,786	-	2,706,786
Other income	-	744,261	-	744,261
General and administrative expenses	-	(52,331,415)	-	(52,331,415)
Gain on fair value adjustment of financial assets at FVPL	-	2,070,034	-	2,070,034
Bank charges	-	(98,068)	-	(98,068)
Benefit from (provision for) income tax	(129,824)	3,548,724	-	3,418,900
Net income for the year	P75,302,922	P1,024,298,721	P4,002,318	P1,103,603,961
Segment assets	P80,522,335	P22,605,701,507	P-	P22,686,223,842
Segment liabilities	P2,812,500	P8,376,035,147	P-	P8,378,847,647
Capital expenditures for the year	P-	P13,289,110	P-	P13,289,110

30. Supplementary Information Required under Revenue Regulations (RR) 15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued RR 15-2010 to amend certain provisions of RR 21-2002 prescribing the manner of compliance with documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying the tax returns.

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year ended December 31, 2015.

The Company is a VAT-registered company with VAT output tax declaration of P46,809,488 for the year based on the amount reflected in the Sales Account and various collections of P390,079,065.

The Company has no zero-rated/exempt sales.

The amount of VAT input taxes claimed are broken down as follows:

a. Beginning of the year	P-
b. Current year's purchases:	
I. Capital goods subject to amortization	180,322
II. Capital goods not subject to amortization	8,356,044
c. Claims for tax credit/refund and other adjustments	(8,536,366)
d. Balance at end of year	P-



The Company did not have any importations or purchases of any product subject to excise tax in 2015.

The documentary stamp tax (DST) paid or accrued on the following transactions are as follow:

Transaction	Amount	DST Thereon
Contract of lease	₱202,105,807	₱202,106
Dividend remittance to a foreign company	226,229,807	339,345
Cash advances	12,800,000	64,000
Pre-termination of short term investments	57,480	287
Transfer certificate title for future acquisition	—	300
Total	₱441,193,094	₱606,038

Other taxes and licenses:

a. <u>Local</u>	
Real property taxes	₱9,635,561
Business taxes	3,666,839
Banner permit	270,360
Community tax certificate	10,500
Notarial fees	1,700
	13,584,960
b. <u>National</u>	
Documentary stamp taxes	606,038
BIR annual registration	500
	606,538
	₱14,191,498

The amount of withholding taxes paid or accrued for the year amounted to:

i. Withholding taxes on compensation	₱46,060,139
ii. Final withholding taxes	42,745,521
iii. Expanded withholding taxes	5,019,431
iv. Fringe benefit tax	1,323,644

The Company is currently not involved in any tax cases, preliminary investigations, litigation and/or prosecution in courts outside of the BIR.

