

COVER SHEET

SEC Registration Number

SHANG PROPERTIES, INC.

(Company's Full Name)

5TH LEVEL SHANGRI-LA PLAZA MALL
EDSA CORNER SHAW BOULEVARD
MANDALUYONG CITY

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

370-27-00

(Company Telephone Number)

12 31
Month Day
(Fiscal Year)

17 - A
(Form Type)

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: 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 2012
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, Shangri-La Plaza Mall
EDSA cor. 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 2012:
P3,828,338,410.000.

Assumptions:

- | | | |
|--|---|-------------------|
| (a) Total no. of shares held by non-affiliates
as of 31 March 2013 | : | 1,324,728,737 |
| (b) Closing price of the Issuer's shares
on the Exchange on 31 March 2013 | : | P3.44 |
| (c) Aggregate market price of (a) as of
31 March 2013 | : | P4,557,066,855.28 |

**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 2013 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%
AL	-	<u>20%</u>
		100%

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. Issuer and SPRC also agreed to allocate the Project as follows: (i) the mall area, together with its facilities and amenities, shall be allocated exclusively to Issuer; (ii) the residential portion of the Project will be allocated exclusively to SPRC; (iii) all the parking slots that will be built beneath the mall area (basement parking) and 8% of the podium parking slots, shall be allocated to the Issuer; (iv) 92% of the podium parking slots will be allocated to SPRC.

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.

The Issuer's 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)

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 two department stores (Rustan's and Crossings), 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 August 20, 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.

EPHI Logistics Holdings, Inc., was incorporated on August 20, 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 recently 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.

- (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. SPSI's competitors are those entities who are into carpark management and operation. SPSI 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 6 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) Pursuant to the MOA between Issuer and its subsidiary Shang Property Realty Corporation (described in the disclosure in Item 1(a) above), of the mixed development project to be known as the One Shangri-La Place, Issuer shall be allocated the mall area together with its facilities and amenities of said development. 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 is effective until 31 December 2002 and shall be renewed automatically for another year unless a notice of non-renewal is served by the Issuer or SPSI.

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 to 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". 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. Issuer and SPRC also agreed to allocate the Project as follows: (i) the mall area, together with its

facilities and amenities, shall be allocated exclusively to Issuer; (ii) the residential portion of the Project will be allocated exclusively to SPRC; (iii) all the parking slots that will be built beneath the mall area (basement parking) and 8% of the podium parking slots, shall be allocated to the Issuer; (iv) 92% of the podium parking slots will be allocated to SPRC.

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 and 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 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 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. 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.

d. Neither the Issuer or any of its subsidiaries have products or services requiring governmental approval.

e. 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.

f. 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.

g. 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 and Shang Properties Realty Corporation (for its developments, The Shang Grand Tower and The St. Francis-Shangri-La Place) the costs of its compliance with environmental laws is not significant given the overall operational costs.

- h. The Issuer has 80 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 - 15
- b. Supervisory - 22
- c. Managerial - 21
- d. Executive - 7
- e. Project based - 15

SPI Parking Services, Inc. (formerly Edsa Parking Services, Inc.) has 21 employees. The breakdown as to type is as follows:

- a. Rank and file - 12
- b. Supervisory - 7
- c. Managerial - 2

Shangri-La Plaza Corporation has 92 employees. The breakdown as to type is as follows:

- a. Rank and file - 29
- b. Supervisory - 46
- c. Managerial - 16
- d. Executive - 1

The Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) has 111 employees. The breakdown as to type is as follows:

- a. Rank and file - 11
- b. Supervisory - 7
- c. Managerial - 19
- d. Project based - 15
- e. Consultancy based - 59

Shang Property Management Services Corporation has 21 employees. The breakdown as to type is as follows:

- a. Rank and file - 3
- b. Supervisory - 4
- c. Managerial - 12
- d. Consultancy based - 2

The Shang Property Developers, Inc. has 36 employees. The breakdown as to type is as follows:

- a. Managerial - 7
- d. Project based - 7
- e. Consultancy based - 22

KSA Realty Corporation has 2 employees. The breakdown as to type is as follows:

- a. Rank and file - 2

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 these 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") and Shang Property Developers, Inc. ("SPDI") 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. To date, all of the units in The Shang Grand Tower Project in Makati have been sold, while The St. Francis – Shangri-La Place is more than 99.74% sold. The latest condominium development of SPRC which will feature two towers, known as the One Shangri-La Place, for which construction was commenced late 2010, has also opened sales for two towers. To date, 69.25% of both towers have been sold. The residential condominium project of SPDI, known as the Shang Salcedo Place, has also commenced selling, and to date, 16.04 of the units have been sold.

Item 2. Properties

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

On properties owned by Issuer:

- (a) An 8.6 hectare 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 8.6 hectare area, abutting the Shangri-La Plaza Complex, with a gross floor area of 23,625.72 sqm. and 681 slots.
- (c) The Mall area and 8% of the parking slots of the mixed-use development project known as the One Shangri-La Place which is a joint venture of the Issuer with its subsidiary Shang Properties Realty Corporation, and which is currently undergoing construction. Completion is targeted to be four years from commencement of construction. (Please refer to the disclosure on related party transactions in the previous pages).

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) The residential portion and 92% of the parking slots of the mixed-use development project known as the One Shangri-La Place which is a joint venture of the Issuer with its subsidiary Shang Properties Realty Corporation, and which is currently undergoing construction. Completion is targeted to be four years from commencement of construction. (Please refer to the disclosure on related party transactions in the previous pages).
- (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.

- (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.

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 has yet to decide on this case.

- (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 19 June 2012, the stockholders approved and ratified the following:

1. Minutes of the Annual Stockholders Meeting held on 22 June 2011;
2. Annual Report of the Company as of 31 December 2011, 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 22 June 2011 Annual Stockholders Meeting to the date of the Annual Stockholders Meeting on 19 June 2012;
4. Election of the following members of the Board of Directors for the period 2012-2013:
 - 1) Edward Kuok Khoon Loong
 - 2) Alfredo C. Ramos
 - 3) Wilfred Woo
 - 4) Maureen Alexandra R. Padilla
 - 5) Benjamin I. Ramos
 - 6) Wilkie Lee
 - 7) Cynthia R. Del Castillo
 - 8) Danila Regina I. Fojas
 - 9) Ho Shut Kan
 - 10) Johnny O. Cobankiat
 - 11) Antonio O. Cojuangco
 - 12) George L. Go
 - 13) Vicente P. Formoso
 - 14) Kin Sun Ng
 - 15) Federico G. Noel, Jr.
6. Appointment of Sycip Gorres & Velayo as the Issuer's external auditors.

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 other than at the Annual Stockholders Meeting held on 19 June 2012.

- (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
2012		
First Quarter	P2.70	P1.96
Second Quarter	2.60	2.40
Third Quarter	2.85	2.50
Fourth Quarter	3.10	2.69
2011		
First Quarter	P2.13	P1.10
Second Quarter	2.00	1.70
Third Quarter	2.00	1.80
Fourth Quarter	2.19	1.86
2010		
First Quarter	P1.98	P1.66
Second Quarter	1.88	1.74
Third Quarter	1.86	1.70
Fourth Quarter	2.12	1.73

The high and low of Issuer's shares for the period 01 January 2013 to 31 March 2013 are as follows:

High: P3.87

Low: P3.00

The closing price for the Issuer's shares on 31 March 2013 is P3.44.

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 2013 the Issuer has 5,610 stockholders. Common shares outstanding as of said date is 4,764,056,287.

The top 20 stockholders of the Issuer as of 31 March 2013 are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1. PCD Nominee Corporation (Filipino)	1,918,024,762	40.26%
2. Travel Aim Investment B.V.	1,648,869,372	34.61%
3. National Book Store, Inc.	481,558,562	10.11%
4. Anglo Philippine Holdings Corp.	214,145,742	4.50%
5. PCD Nominee Corporation (NF)	62,631,430	1.31%
6. KGMPP Holdings, Incorporated	52,925,445	1.11%
7. CCS Holdings Incorporated	47,633,492	1.00%
8. Pecanola Company Limited	43,175,495	0.91%
9. National Book Store, Inc.	41,391,389	0.87%
10. Kuok Brothers SDN, BHD	37,023,839	0.78%
11. Kuok Foundation Overseas Limited	37,023,839	0.78%
12. GGC Holdings, Incorporated	26,224,322	0.55%
13. Kerry Holdings Limited	26,090,624	0.55%
14. Kuok (Singapore) Limited	24,848,214	0.52%
15. Kerry (1989) Limited	12,424,107	0.26%
16. Kuok Traders (Hong Kong) Ltd.	11,407,363	0.24%
17. Federal Homes, Inc.	4,808,478	0.10%
18. Luxhart Assets, Ltd.	3,975,714	0.08%
19. Yan Lucio W. Yan & /or Clara	3,142,857	0.07%
20. Antonio D. Cojuangco	3,026,964	0.06%
	4,700,352,010	98.66%

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

2013

- (a) During the regular meeting of the Issuer's Board held on 27 February 2013, the Board approved the declaration of P.060 per share cash dividend to all shareholders of record as of 15 March 2013, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2012, to be paid on or before 25 March 2013.

2012

- (a) During the regular meeting of the Issuer's Board held on 17 February 2012, the Board approved the declaration of P0.042 per share cash dividend to all shareholders of record as of 05 March 2012, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2011, to be paid on or before 16 March 2012.
- (b) During the regular meeting of the Issuer's Board held on 30 August 2012, the Board approved the declaration of P0.040 per share cash dividend to all shareholders of record as of 17 September 2012, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2012, to be paid on or before 30 September 2012.

2011

- (a) During the regular meeting of the Issuer's Board of Directors held on 23 February 2011, the Board approved the declaration of P0.03852 per share cash dividend to all shareholders of record as of 15 March 2011, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2010, to be paid on or before 31 March 2011.
- (b) During the regular meeting of the Issuer's Board of Directors held on 23 August 2011, the issuer declared cash dividends of P.035 per share cash dividend to all shareholders of record as of 15 September 2011, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2011, to be paid on or before 30 September 2011.

2010

- (a) During the regular meeting of the Issuer's Board of Directors held on 24 February 2010, the Board approved the declaration of P0.055 per share cash dividend to all shareholders of record as of 17 March 2010, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2009, to be paid on or before 31 March 2010.
- (b) During the regular meeting of the Issuer's Board of Directors held on 26 August 2010, the Board approved the declaration of P0.035 per share cash dividend to all shareholders of record as of 15 September 2010, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2010, to be paid on or before 30 September 2010.

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		%
		2012	2011	Change
Turnover	(Php M)	5,406	3,589	50.6%
Profit Attributable to shareholders	(Php M)	1,646	1,057	55.8%
Earnings per share	(Php Ctv)	0.346	0.222	55.8%
Net Asset Value per share	(Php)	4.252	3.988	6.6%
Price Earnings Ratio	(Times)	8.792	9.869	-10.9%

- Turnover consists of Residential Condominium Sales, Rental Revenue, Interest Income and Other Income. Shang Properties generated revenues of ₱5.4B for fiscal year 2012, an increase of ₱1.8B from ₱3.6B of total revenues for fiscal year 2011. Residential condominium sales accounted for ₱2.7B or 50% of the total revenues. Rental revenue from leasing operations amounted to ₱1.8B, slightly higher by ₱47.6M or 2.6% from last year's revenue. Interest income and other income decreased by ₱305M due to lower level of money market placements and decrease in gain on fair value adjustments of investment properties.
- Profit attributable to shareholders represents net income from operations after tax of the Group. It went up by ₱589.8M or 55.8% compared with last year.
- Earnings per share of ₱0.346 were higher by 55.8% from last year's ₱0.222.
- 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 6.6% mainly due to income generated during the year.
- Price Earnings ratio is a valuation of the company's current share price compared to its per share earnings. It is computed by dividing the market value per share by the earnings per share. Price earnings ratio is lower by 10.9% to 8.792 this year from 9.869 last year. The Group' year-end share price however increase to ₱3.040 in 2012 from ₱2.190 in 2011.

Results of Operations

Shang Properties derives its revenues from the sale of residential condominium units from various construction projects, lease of retail spaces in Shangri-la Plaza mall and office leasing in The Enterprise Center.

Calendar Year 2012 Compared to Calendar Year 2011

Shang Properties consolidated net income attributable to equity holders for the year ended December 31, 2012 amounted to P1.6B, P589.8M or 55.8% higher from P1.1B recorded the previous year.

The Group' consolidated revenues for the year totaled to P5.4B, P1.8B or 50.6% higher than the revenues in 2011. This was mainly driven by the strong revenue performance of residential condominium projects, lease of retail and office spaces.

1. Residential condominium projects realized revenues of P2.7B is higher by P2.1B from P623.6M last year due to higher sales bookings of One Shangri-La Place.
2. The Shangri-La Plaza mall reported rental revenues of P1.0B compared to P962.8M over the same period last year. The P59M or 6.0% increase was mainly due to rental escalations and sustained growth in tenants' sales on percentage rental structure.
3. The office leasing operation of KSA Realty Corporation realized revenues of P662.5M is slightly lower by P3.9M from P666.5M last year due to lower occupancy rate of 86% in 2012 against 88% in 2011.
4. Other Income decrease by P305M or 26.2% from P1.2B last year mainly due to the decrease in interest income due to lower level of money market placements and decrease in gain on fair value adjustment of investment properties.

The Group's total cost and expenses went up by P1.7B to P3.0B in 2012. This was mainly due to the following:

1. Increase in cost of condominium sales of One Shangri-La Place as a result of higher revenues generated in 2012.
2. Increase in general and administrative expenses by P66.6M or 18.7% mainly because of higher advertising and promotions and other operating cost due to increase in business activities.
3. Increase in depreciation by P1.3M or 8.7% due to capitalized office improvements and purchase of company vehicles.
4. Increase in taxes and licenses by P9.2M due to payment of documentary stamps on new bank loans.

Calendar Year 2011 Compared to Calendar Year 2010

Shang Properties posted a P1.1B net income for the year 2011, P56M or 5.6% higher from P1.0B recorded the previous year.

The Group' consolidated revenues amounted to P2.5B, an increase of P56.7M or 2.3% from P2.4B recorded last year.

1. Shangri-La Plaza Corporation (SLPC) posted P69M or 7.7% increase in revenues from P893.9M in 2010 to P962.8M in 2011 mainly due to rental escalations and sustained growth in tenants' sales on percentage rental structure. This year's share in net income from SLPC is higher compared with last year also because of the buyout of non-controlling interest in June 2011.
2. KSA Realty Corporation' office leasing operation increased by P16.5M due to higher occupancy rate of 88% in 2011 against 81% in 2010.
3. Revenues from condominium projects decrease by P43M or 6.5% mainly due to lower condominium sales of St. Francis Shangri-La Place. As of end - 2011, this project is 99% sold.

The Group's total cost and expenses increased by ₱587M or 63%, from ₱932M in 2010 to ₱1.5B in 2011. This was mainly due to the following:

1. The recognition of provision for impairment of goodwill amounting to ₱394.9M. In 2011, the recoverable amount of the cash generating unit to which goodwill is allocated approximates the carrying amount of the cash generating unit because of the increase in the discount rate to 18.37% in 2011, while in 2010, the recoverable amount of the cash generating units to which goodwill is allocated is higher than its carrying amount, thus no impairment loss was recognized in 2010.
2. Increase in cost of condominium sales of One Shangri-La Place as a result higher revenues realized in 2011.
3. Increase in depreciation by ₱2.9M due to the purchase of company vehicles.
4. Increase in insurance by ₱3.3M due to higher premium paid this year.

The Group's Other Income (Expense) account went up by ₱734.9M mainly due to the following:

1. Increase in gain on revaluation of Investment Properties amounting to ₱610.5M due to the higher market value of land as per appraisal report of an independent appraiser.
2. Increase in interest income by ₱108.2M due to interest on accretion of installment contracts receivables from sales of condominium units.
3. Increase in other miscellaneous income by ₱15.4M mainly due to dividend income received from Mactan Shangri-La Hotel.

Calendar Year 2010 Compared to Calendar Year 2009

The Group reported a ₱1.0B net income for the year 2010, lower by ₱170.3M from last year's ₱1.2B

The gross revenue in 2010 decreased by ₱1.1B mainly due to:

1. Decrease in condominium sales of The St. Francis Shangri-La Place by ₱1.1B from ₱1.8B in 2009 to ₱0.6B in 2010. There were few units available for sale in 2010 and remaining units are Penthouse and Simplex special units which are bigger and more expensive. In 2010, prelaunch sales of One Shangri-La Place amounted to ₱50.3M.
2. Rental revenue from The Enterprise Center decrease by ₱47.5M due to lower occupancy rate.
3. Increase in rental revenue of Shangri-La Plaza by ₱48M due to rental escalation and improved tenants' sales on percentage rental structure.
4. Rental revenue from Edsa Shangri-La Hotel increased by ₱4.9M due to improved occupancy rate.
5. Cinema income increased by ₱11.9M due to higher occupancy this year.

The Group's total cost and expenses decreased by ₱960.9M or 50.8%, from ₱1.9B in 2009 to ₱0.9B in 2010. This is mainly due to the following:

1. Decrease in cost of condominium sales of The St. Francis Shangri-La Place by ₱911.9M due to the combined effect of lower sales turnout and the percentage of completion method in recognizing cost. One Shangri-La Place recognized cost of sales amounted to ₱35.8M as of December 31, 2010.
2. Increase in staff cost by ₱14.8M was mainly due payment of benefits to employees.
3. Increase in general and administrative expenses by ₱75.2M were mainly due to the increase in advertising expenses incurred for the sale One Shangri-La Place and the payment of condominium dues of The St. Francis Shangri-La Place for units not yet handed over to buyer.
4. Increase in depreciation by ₱1.9M due to the purchase of company vehicles.

5. Increase in insurance by ₱0.9M due to higher premium paid this year.
6. The Group did not recognize impairment loss on real estate development projects this year; however, an impairment loss of ₱182M was recognized in 2009.

The Group's Other Income (Expense) account decreased by ₱143.5M mainly due to the following:

1. Increase in interest income by ₱29.25M due to interest in cash in banks and short-term placements.
2. Decrease in gain on fair value of investment properties by ₱114.8M, due to no movement in appraised value of mall building this year.
3. In 2009, the Group recognized non cash gain on sale of subsidiary of ₱85M from the sale of shares of stocks to Mactan Beach Resources, Inc.
4. Increase in other miscellaneous income by ₱28M was mainly due to pylon signage income and interest income from overdue installment receivable from sale of condominium units.

Financial Condition

Calendar Year 2012 Compared to Calendar Year 2011

Total assets of the Company amounted to ₱36B, a growth of ₱1.6B from total assets of ₱34.4B in 2011.

Cash and cash equivalents increased by ₱164.2M mainly due to collection from sales of One Shangri-La Place condominium units.

Financial assets at fair value through profit or loss increased by ₱4.9M to ₱32.3M due fair value adjustment recognize during the year on marketable securities.

Receivables decreased by ₱100.9M due to collection of installment receivables and liquidation of advances to contractors and suppliers due continued completion of projects.

Condominium units held for sale increased by ₱203.2M mainly represents remaining units at The St. Francis Shangri-La Place.

Construction in progress increased by ₱637.1M due to cost incurred for new and ongoing projects.

Prepayments and other current assets decreased by ₱42M due to the capitalized 2011 cash in escrow for the purchase of land to construction costs in Shang Salcedo Project.

Property and equipment increased by ₱10.5M due to office building improvements and purchase of company vehicles.

Refundable deposits increased by ₱13.4M due to deposits to service contractor.

Increase in deferred income tax assets by ₱65.9M due to the difference in profit recognized from installment method versus percentage of completion.

Decrease in accounts payable and other current liabilities by ₱368.5M due to payment of liabilities to contractors and suppliers.

The increase in bank loans was due to loan availment of ₱1.0B at the parent level.

Increase in deposit from tenants/deferred lease income by ₱169.7M was mainly due to the deposit from new tenants at the East Wing expansion of Shangri-La Plaza Mall.

Dividends payable increased by ₱2.2M due to higher dividend per share declared in 2012 to an aggregate amount of ₱390.5M from ₱350.1M in 2011.

Income tax payable increase by P2.0M due to higher income generated during the year.

Increase in accrued employee benefits by P5.0M was mainly due to accrual of retirement benefits.

Calendar Year 2011 Compared to Calendar Year 2010

The Company's total assets amounted to P34.4B, an increase of P681.6M from total assets of P33.8B in 2010.

Cash and cash equivalents decreased by P2.5B mainly due to the payments for the construction of the on-going projects.

Receivables increased by P860.4M due to launch of One-Shangri-La Place and higher advances to contractors and suppliers representing downpayment to them and these are liquidated through progress billing for the ongoing construction of OSP.

Real estate properties held decreased by P440K represents the memorial lots sold during the year.

Construction in progress significantly increased by P1.0B due to disbursements related to the construction of the ongoing and new projects.

Prepayments and other current assets increased by P289.7M due higher prepaid commission and other deposits.

P75.9M installment contracts receivable in 2010 represent the long term portion of receivables from sale of condominium units of One Shangri-La Place.

Investment in associates is higher by P646.8M due to additional investment for the construction of Fort Bonifacio Shangri-La Hotel project.

Property and equipment increased by P28.4M due to building improvement.

Increase in refundable deposits by P6.8M significantly pertains to deposits made for security services provided by a contractor.

Increase in deferred income tax assets by P93.7M due to the difference in profit recognized from installment method versus percentage of completion.

Decrease in goodwill due to provision for impairment loss amounting to P394.9M.

Increase in accounts payable and other current liabilities by P533.9M pertains to customer' deposit for the downpayments made by condominium unit buyers with executed contracts which are to be applied against receivables upon recognition of revenue.

The decrease in bank loans by P369.5M was due to the repayment of the principal amount during the year.

Dividends payable decreased by P1.6M due to the lower dividend per share declared in 2011 to an aggregate amount of P350.1M from P428.6M in 2010.

Increase in income tax payable by P4.4M represents higher income generated by a subsidiary during the year.

Decrease in accrued employee benefits by P3.8M was due to the payments made during the year.

Calendar Year 2010 Compared to Calendar Year 2009

Total assets of the Company amounted to P33.8B in 2010, an increase of P823.6M from total assets of P32.9B in 2009. This was mainly due to the cash inflows from the collection of receivables from the sale of The St. Francis Towers and the successful pre-sales launch of One Shangri-La Place.

Cash and cash equivalents increased by P1.1B mainly due to the collection of installment receivables from the sales of The St. Francis Shangri-La Place and the down payment from the pre selling of One Shangri-La Place North Tower.

Financial assets at fair value thru profit or loss increased by ₱3.9M mainly to the fair value adjustments recognize during the year on marketable securities.

Receivables decreased by ₱1.2B mainly due to the collection of installment contract receivables from sale of condominium units at The St. Francis Shangri-La Place.

Decrease in real estate properties held by ₱1.5M represents the memorial lots sold during the year.

Increase in construction in progress by ₱527.9M mainly due to the ongoing construction of One Shangri-La Place.

Decrease in prepayments and other current assets by ₱21.5M were due to creditable withholding tax claimed for income tax due during the year.

₱75.9M installment contracts receivable in 2010 represent the long term portion of receivables from sale of condominium units of One Shangri-La Place.

Increase in investment in associates by ₱91.6M was primarily due to the recognition of fair value of investment property at Fort Bonifacio Shangri-La Hotel project.

Increase in deferred income tax assets by ₱99.4M was mainly due to the difference in profit recognized from installment method versus percentage of completion.

Increase in accounts payable and other current liabilities by ₱318.9M represents payables for the construction of new project and advances from condominium unit buyers for the expenses incurred for utilities and titling fees.

Increase in income tax payable by ₱24.1M represents income tax due of Shangri-La Plaza and KSA Realty Corp.

Dividends payable increased by ₱4.4M due to declaration of cash dividends during the year, aggregate amount of ₱428.6M.

The decrease in bank loans by ₱369.5M was due to the repayment of the principal amount during the year.

Increase in deposit from tenants by ₱74.3M represents deposit of new tenants and accretion of deposits during the year.

Decrease in accrued employee benefits by ₱14.5M was due to the payments made during the year.

Changes in Financial Condition

Net Cash provided by operations in 2012 amounted to ₱609.9M cashflows came from sales of One Shangri-La Place and collection of rental income from leasing operation. Cash used in operations in 2011 amounted to ₱232.1M. The Group spent ₱2.3B for projects in 2011. In 2010 cashflows from operations came from sales proceeds of various projects and income from leasing operation.

Net cash used in investing activities in 2012 amounted to ₱123.9M used mainly for mall and carpark redevelopment. In 2011, Net Cash used in investing activities amounted to ₱694.1M mainly for the construction of Fort Bonifacio Shangri-La Hotel project. In 2010 investing activities utilized ₱66.9M.

Net Cash used in financing activities in 2012 of ₱319.1M was mainly used in payment of bank loans, interests and dividends. Net Cash used in financing activities in 2011 of ₱1.6B for acquisition of non-controlling interest of Shangri-La Plaza Corporation, payment of bank loans and interests and dividends. Cash used in financing activities in 2010 of ₱1.2B was used in payment of bank loans and interest and cash dividends.

Information required by Part 111, Paragraph (A) (2) (b) of "Annex C" of SRC Rule 12

- (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.

Item 7. Information of Independent Accountant and other related matters

1. External audit fee and services

	<u>2012</u>	<u>2011</u>
a. Audit and audit related fees	1,999,400	1,832,500
b. Tax fees	302,145	217,935
c. All other fees	-	-

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:

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong	Malaysian	Yes /18	60	Chairman	None
Alfredo C. Ramos	Filipino	Yes /22	69	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 /9	60		Sanitary Wares & Mfg. Corp.
Vicente P. Formoso**	Filipino	Yes / 12	58	Treasurer	None
Alexandra Ramos - Padilla***	Filipino	Yes / 5	39		None
Benjamin I. Ramos	Filipino	Yes /2	45		None
Wilfred Woo	Canadian	Yes/1	55		none
Danila Regina I. Fojas	Filipino	Yes/ 8	59		None
Kin Sun Ng	British Hong Kong	Yes/6	58	Group Financial Controller	None
Federico G. Noel, Jr.	Filipino	Yes /12	51	Corporate Secretary	None
Ma. Myla Rae M. Santos-Orden	Filipino	(No)	47	Asst. Corp. Secretary	None
Wilkie Lee		Yes / 3	58		None
Johnny O. Cobankiat***	Filipino	Yes /4	62		
Antonio O. Cojuangco***	Filipino	Yes / 4	61		
George L. Go***	Filipino	Yes / 4	71		Crown Equities, Inc.
Ho Shut Kan	-	Yes / 4	64		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 Directories 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.

George L. Go is the Chairman of Crown Equities, Inc., Healthcare Systems of Asia Philippines, Inc., Skoal Advertising, Inc., and of Asian Alliance Holdings and Dev. Corp. He finished the Advanced Management Program of Harvard Business School, USA and is a graduate of Youngstown University, USA (Bachelor of Economics).

Alexandra Ramos – Padilla is the General Manager of Crossings Department Store, Corporate Secretary and Director of Alakor Securities Corporation and Director of Music One Corporation. She previously worked with Wal-Mart Stores, Inc. in Shenzhen, China and has an MBA from the Kellogg Graduate School of Management.

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 an executive director of Kerry Properties (H.K.) Limited, the principal Hong Kong property company of the Group, and is responsible for the Group's property developments and infrastructure investments. He is also responsible for overseeing the operation of the project companies and the projects of the Group in Shenzhen, Chengdu and Nanchang. 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.

Wildred 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 Masters Degrees 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 Masters 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.

Vicente P. Formoso is the Chief Finance Officer of the Company. He is also the President of The Shang Grand Tower Condominium Corporation, The Enterprise Center Condominium Corporation and The St. Francis Shangri-La Place Condominium Corporation. He is a director of Shangri-La Plaza Corporation, KSA Realty Corporation and Treasurer of Shangri-La Hotels in the Philippines. He holds an MBA from the Asian Institute of Management.

Kinsun 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 of the Company. He is also the Corporate Secretary and Legal Counsel for 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.

Ma. Myla Rae M. Santos – Orden is Assistant Corporate Secretary and has been the Assistant Legal Counsel of the Company for the past 12 years.

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

***Vicente P. Formoso retired from the Company effective 31 January 2013.*

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. Alfredo Ramos and Ms. Alexandra Padilla are father and daughter. Mr. Benjamin Ramos is the nephew 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. 2011 and 2012 and to be paid in the ensuing fiscal year 2013 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 P)		
		Basic	Bonus	Total
2013	2013	34,763,536.00	13,530,877.43	48,294,413.43
Kinsun 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				
2012	2012	41,801,383.00	13,589,334.47	55,390,717.47
Kinsun 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				
2011	2011	40,145,105.00	13,373,163.00	53,518,288.00
Kinsun 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				

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 2013.

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	1,918,024,762	40.26%
Common	Travel Aim Investment B. V. 7/F Atrium Bldg., Strawinskylaan 3105 1077Z, Amsterdam, Netherlands	R	Foreign	1,648,869,372	34.61%

Common	National Bookstore, Inc. 9/F Quad Alpha Centrum, 123 Pioneer St., Mandaluyong City	R	Filipino	481,558,562	10.11%
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.

National Bookstore, Inc., is a private Philippine company which owns the Philippines' biggest chain of bookstores.

National Bookstore, Inc. is chaired by Mr. Alfredo Ramos.

(2) Security Ownership of Management (as of 31 March 2013)

Title of Class	Name of Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Edward <u>Kuok</u> Khoon Loong	808,007(I) 1(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 Del Castillo	1(D)	Filipino	0.000%
Common	Benjamin I. Ramos	2 (D)	Filipino	0.000%
Common	Maureen Alexandra S. Ramos	1(D)	Filipino	0.000%
Common	Vicente P. Formoso	1(D)	Filipino	0.000%
Common	Federico G. Noel, Jr.	1(D)	Filipino	0.000%
Common	Danila Regina I. Fojas	10 (D)	Filipino	0.000%
Common	Kin Sun Ng	10 (D) 930,000 (I)	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	George L. Go	573,510(D)	Filipino	0.000%

As of the reporting of SEC Form 17-A for 2012, the aggregate ownership of all directors and officers as a group unnamed is 4,912,537 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 1998 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 2013, is 54.30% 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 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 for the information contained therein	x			
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 2012:

1. 17 February 2012 – Reports that during the regular meeting of the Issuer's Board of Directors held on 17 February 2012, the Board approved the following:
 - i) The declaration of P.0042 per share cash dividend to all shareholders of record as of 5 March 2012, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2011, to be [aid on or before 16 March 2012;
 - ii) Passed resolutions to authorize the Issuer to guarantee in part, to the maximum extent of 50% the term loan of its affiliate, Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI) from Banco de Oro to partially finance the construction of a mixed hotel and residential/service apartments at the Bonifacio Global City in Taguig City.
 - iii) Passed resolutions to approve the audited financial statements of the Issuer for the period ended 31 December 2011.
2. 17 February 2012 (AMENDED) – Reports that during the regular meeting of the Issuer's Board of Directors held on 17 February 2012, the Board approved the following:
 - i) The declaration of P0.042 per share cash dividend to all shareholders of record as of 5 March 2012, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2011, to be [aid on or before 16 March 2012;
 - ii) Passed resolutions to authorize the Issuer to guarantee in part, to the maximum extent of 50% the term loan of its affiliate, Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI) from Banco de Oro to partially finance the construction of a mixed hotel and residential/service apartments at the Bonifacio Global City in Taguig City.
 - iii) Passed resolutions to approve the audited financial statements of the Issuer for the period ended 31 December 2011.
3. 07 May 2012 – Reports that the Issuer will hold its Annual Stockholders' Meeting on 19 June 2012 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 20 May 2012.
4. 19 June 2012 – Reports that during the Issuer's Annual Stockholders' Meeting held on 19 June 2012, 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 2012-2013, namely:

- | | | |
|-----|------------------------------|------------------------|
| 1) | Edward Kuok Khoon Loong | |
| 2) | Danila Regina I. Fojas | |
| 3) | Alfredo C. Ramos | |
| 4) | Benjamin I. Ramos | |
| 5) | Wilfred Woo | |
| 6) | Wilkie Lee | |
| 7) | Cynthia R. Del Castillo | |
| 8) | Ho Shut Kan | |
| 9) | Maureen Alexandra R. Padilla | |
| 10) | Johnny O. Cobankiat | - Independent Director |
| 11) | George L. Go | - Independent Director |
| 12) | Antonio O. Cojuangco | - Independent Director |
| 13) | Vicente P. Formoso | |
| 14) | Kin Sun Ng, Andrew | |
| 15) | Federico G. Noel, Jr. | |

Issuer's Certifying Accountant

Sycip Gorres Velayo & Co. was reappointed as external auditors for the year 2012-2013.

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) | Vicente P. Formoso | - | Treasurer |
| 4) | Kin Sun Ng, Andrew | - | Group Financial Controller |
| 5) | Federico G. Noel, Jr. | - | Corporate Secretary |
| 6) | Maria Myla Rae S. Orden | - | Assistant Corporate Secretary |

Executive Committee

- | | | | |
|----|------------------------|---|----------|
| 1) | Wilfred Woo | - | Chairman |
| 2) | Vicente P. Formoso | | |
| 3) | Kin Sun Ng, Andrew | | |
| 4) | Federico G. Noel, Jr. | | |
| 5) | Danila Regina I. Fojas | | |

Audit Committee:

- | | | | |
|----|---------------------|---|-------------|
| 1) | Alfredo C. Ramos | - | Chairman |
| 2) | Johnny O. Cobankiat | - | Co-Chairman |
| 3) | George L. Go | - | Member |
| 4) | Vicente P. Formoso | - | Secretary |

Nomination Committee

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

5. 19 June 2012 (AMENDED)- Reports that during the Issuer's Annual Stockholders' Meeting held on 19 June 2012, 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 2012-2013, namely:

- | | | | |
|-----|------------------------------|---|----------------------|
| 1) | Edward Kuok Khoon Loong | | |
| 2) | Danila Regina I. Fojas | | |
| 3) | Alfredo C. Ramos | | |
| 4) | Benjamin I. Ramos | | |
| 5) | Wilfred Woo | | |
| 6) | Wilkie Lee | | |
| 7) | Cynthia R. Del Castillo | | |
| 8) | Ho Shut Kan | | |
| 9) | Maureen Alexandra R. Padilla | | |
| 10) | Johnny O. Cobankiat | - | Independent Director |
| 11) | George L. Go | - | Independent Director |
| 12) | Antonio O. Cojuangco | - | Independent Director |
| 13) | Vicente P. Formoso | | |
| 14) | Kin Sun Ng, Andrew | | |
| 15) | Federico G. Noel, Jr. | | |

Issuer's Certifying Accountant

Sycip Gorres Velayo & Co. was reappointed as external auditors for the year 2012-2013.

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) | Vicente P. Formoso | - | Treasurer |
| 4) | Kin Sun Ng, Andrew | - | Group Financial Controller |
| 5) | Federico G. Noel, Jr. | - | Corporate Secretary |
| 6) | Maria Myla Rae S. Orden | - | Assistant Corporate Secretary |

Executive Committee

- | | | | |
|----|------------------------|---|----------|
| 1) | Wilfred Woo | - | Chairman |
| 2) | Vicente P. Formoso | | |
| 3) | Kin Sun Ng, Andrew | | |
| 4) | Federico G. Noel, Jr. | | |
| 5) | Danila Regina I. Fojas | | |

Audit Committee:

- | | | | |
|----|---------------------|---|-------------|
| 1) | Johnny O. Cobankiat | - | Chairman |
| 2) | Alfredo C. Ramos | - | Co-Chairman |
| 3) | George L. Go | - | Member |
| 4) | Vicente P. Formoso | - | Secretary |

Nomination Committee

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

5. 30 August 2012 – Reports that During the regular meeting of the Issuer's Board of Directors held on 30 August 2012, the Board approved the declaration of ₱0.040 per share cash dividend to all shareholders of record as of 17 September 2012, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2012, to be paid on or before 30 September 2012.
6. 20 November 2012 – Reports as follows: "Following is the Company's submission pursuant to SEC Memorandum Circular 4, Series of 2012:

The Company has been working on the draft of a charter which shall be compliant with existing regulations but has yet to promulgate a formal Audit Committee Charter. The Company has also been conducting, on an annual basis, a control self-assessment.

The Company's Manual on Corporate Governance which also closely reflects the provisions of SEC Memorandum Circular 6, Series of 2009. Thus, Clause K (i) of the Company's Manual on Corporate Governance provides for the following wordings, which are also the same wordings set out in Section 1 of SEC Memorandum Circular No. 4, Series of 2012, to wit:

"K) Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

- (i) *The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another*

with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:

- a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- h) Review the reports submitted by the internal and external auditors;
- i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements.
- j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

For Philippine branches or subsidiaries of foreign corporations covered by this Code, their Internal Auditor should be independent of the Philippine operations and should report to the regional or corporate headquarters."

Following are the reports, in SEC Form 17-C, which have been filed thus far this year of 2013:

1. 08 January 2013 - Reports that the Issuer has agreed to sell its equity in Exchange Properties Resources Corporation (EPRC) to EPRC, representing 35% of the equity of EPRC.
2. 25 January 2013 – Reports that in view of his retirement from Shang Properties, Inc., MR. VICENTE P. FORMOSO formally tendered his resignation as Director of the Issuer effective 31 January 2013 and upon approval by the Board of Directors.
3. 27 February 2013 –Reports that during the Issuer's Board of Directors regular meeting held on 27 February 2013, the Board approved the following:
 - i) The declaration of P.060 per share cash dividend to all shareholders of record as of 15 March 2013, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2012, to be paid on or before 25 March 2013.
 - ii) Passed resolutions to approve the audited financial statements of the Issuer for the period ended 31 December 2012.

SIGNATURES

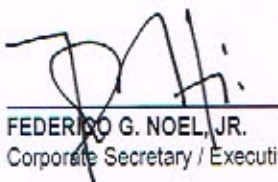
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on this _____ 2013.

By:



KINSUN 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 APR 11 2013 by:


	<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.	XX 1575170	08 Jul 2008 to 07 Jul 2013, Mla.

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 five (35) 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. 83 :
Page No. 18 :
Book No. 4 :
Series of 2013


ATTY. NATHAN S. SIGLAGON
NOTARY PUBLIC
MANDALUYONG CITY COMM. NO. 0055 12.03.11 DEC. 31.2013
LEVEL 5, SHANGRI-LA PLAZA MALL
EDSA COR. SHAW BLVD., MANDALUYONG CITY
IBP NO. 004006 01/02/13 QUEZON CITY
PTA NO. 1618579 01/02/13 MANDALUYONG CITY
MULL NO. 54207