COVER SHEET

1 4 5 4 9 0

SEC Registration Number

S H A N G   P R O P E R T I E S , I N C .

(Company's Full Name)

5 T H   L E V E L   S H A N G R I - L A   P L A Z A   M A L L

E D S A   C O R N E R   S H A W   B O U L E V A R D

M A N D A L U Y O N G   C I T Y

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

8370-2700

(Company Telephone Number)

1 2   3 1

Month *Day*

(Fiscal Year)

1 7 - A

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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 2024**

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**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

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

8. **(632) 8370-2700**
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 [X] 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 [X] No [ ]

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

Yes [X] 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 2025**: ₱5,072,997,507.

Assumptions:

(a)	Total no. of shares held by non-affiliates as of 31 March 2025	:	1,287,562,819
(b)	Closing price of the Issuer's shares on the Exchange on 31 March 2025	:	₱3.94
(c)	Aggregate market price of (a) as of 31 March 2025	:	₱5,072,997,507

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 [x]   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 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 2024 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 years prior to this Annual Report, the significant developments in the Issuer's business are as follows:

On 31 March 2011, the 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, the Issuer purchased Hervey Asia's 50 million common shares and 270 million preferred shares in Shangri-La Plaza Corporation ("SLPC") (representing 21.28% equity in SLPC), for a total consideration of PHP450,000,000. Said sale increased Issuer's equity in SLPC from 78.72% previously to 100%, making SLPC a wholly-owned subsidiary of the Issuer. SLPC owns and operates the mall establishment known as the Shangri-La Plaza which is located in Mandaluyong City.

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

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

The Issuer, in an agreement dated 22 March 2018, entered into a Joint Venture Agreement with Robinsons Land Corporation (RLC) whereupon a new joint venture entity will be incorporated (JVC). The Issuer and RLC shall own said JVC on a 50%-50% basis. The JVC shall build and develop a property situated at McKinley Parkway cor. 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The proposed project is intended to be a mixed-use development to include residential condominium units and commercial retail outlets. The joint venture agreement between Issuer and RLC has been duly approved by the Philippine Competition Commission. The Parties project an investment of PHP10 billion for the project.

The Issuer has entered into a Deed of Absolute Sale with San Miguel Properties, Inc. (SMPI) on 23 October 2024 for the purchase of SMPI's 100% equity in Rapidshare Realty and Development Corporation (Corporation) at a purchase price of approximately ₱2.5B. Such transaction effectively vests upon the Issuer control and ownership of the Corporation's non-moving business and assets.

The Issuer on

(2) 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 June 13, 1991. Its significant and active subsidiaries are as follows:

- Shangri-La Plaza Corporation (100% owned by the Issuer);
- SPI Parking Services, Inc. (formerly EDSA Parking Services, Inc.)(100 % owned by Issuer);
- Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)(100% owned by the Issuer)
- Shang Global City Holdings, Inc. (100% owned by the Issuer)
- Shang Fort Bonifacio Holdings, Inc. (100% owned by the Issuer)
- Shang Property Management Services Inc. (formerly EPHI Project Management Services Corporation) (100% owned by the Issuer)
- KSA Realty Corporation (70.04% owned by the Issuer)
- Shang Property Developers, Inc. (100% owned by the Issuer)
- Shang Global City Properties, Inc. (60% owned through the Issuer's wholly owned subsidiaries Shang Global City Holdings, Inc. and Shang Fort Bonifacio Holdings, Inc.)
- The Rise Development Company, Inc. (100% owned through the Issuer's wholly owned subsidiary KPPI Realty Corporation)
- Shang Wack Wack Properties, Inc. (100% owned by the Issuer)
- Classic Elite Holdings, Ltd. (100% owned by the Issuer)
- Shang Robinsons Properties, Inc. (50% owned by the Issuer)
- SPI Property Holdings, Inc. (100% owned by the Issuer)
- SPI Property Developers, Inc. (100% owned by the Issuer)
- SPI Land Development Inc. (100% owned by the Issuer)

- SPI Realty Inc. *formerly Rapidshare Realty and Development Corporation* (100% owned by the Issuer)

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. On 15 June 2016, the Issuer purchased from Ocmador Philippines. B.V., the latter's 241,580 common shares of stock of KSA Realty Corporation, bringing Issuer's stock ownership to 70.04%.

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

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

Shang Property Management Services Inc. 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.

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 Global City Properties, Inc. was incorporated on 13 December 2007. By virtue of the SEC approved merger between Shang Global City Properties, Inc. and Fort Bonifacio Shangri-La Hotel, Inc., Shang Global City Properties, Inc., is now the owner and developer of the hotel and residential development known as Shangri-La at the Fort. The residential component of the development was sold out in 2018.

Shang Property Developers, Inc. was incorporated on 17 December 2010 as a realty development company. It is the owner and developer of 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 was completed in 2018.

The Rise Development Company, Inc. is the owner developer of a mixed-use development known as The Rise Makati, located in Malugay St., San Antonio Village, Makati.

Shang Wack Wack Properties, Inc. was incorporated on 13 January 2016 as a realty development company. It is currently developing the Shang Residences at Wack Wack project located at Wack Wack Road, Mandaluyong City.

Classic Elite Holdings, Ltd., a British Virgin Islands Company, is a holding company. It is a wholly owned non-resident foreign corporation through which the Issuer may explore possible off-shore investment opportunities aligned with Issuer's business objectives/purposes.

Shang Robinsons Properties, Inc. is a joint venture with Robinsons Land Corporation for the development of condominium projects known as the Aurelia Residences, located in Bonifacio Global City, Taguig City and Haraya Residences located at Bridgetowne, Pasig City.

SPI Property Holdings, Inc. was incorporated on 09 December 2019 as a holding company and a realty development company. It is currently developing a residential condominium project known as Laya by Shang Properties, on the property it acquired in 2020 located along Canley Road, Pasig City.

SPI Property Developers, Inc. was incorporated on 09 December 2019 as a realty development company. It is currently developing a proposed office and service apartment project known as Shang One Horizon, located at Shaw Boulevard, Mandaluyong City

SPI Land Development Inc. was incorporated on 09 December 2019 as a realty development company. It is currently undertaking the construction of Shang Summit - a residential condominium development project located along Sgt. Esguerra Avenue corners Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City.

SPI Realty Inc., formerly Rapidshare Realty and Development Corporation, intends to develop a proposed residential condominium project located at Barangay Wack Wack, Greenhills, Mandaluyong City.

(ii) The Issuer's subsidiary, Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) sold units of the condominium developments The St. Francis Shangri-La Place and One Shangri-La Place to non-resident Filipinos and foreigners, but not exceeding 40% of the total no. of units were sold to foreigners. Issuer's subsidiary Shang Property Developers Inc. has also sold units to its residential condominium development, Shang Salcedo Place, sales of which are also subject to the 40% alien ownership limitation. The Rise Development Company, Inc. had been selling condominium units of The Rise Makati since 2014 and sales of which have also been subject to the 40% foreign ownership limitation. Shang Wack Wack Properties, Inc. started selling units of Shang Residences at Wack Wack in the third quarter of 2018, subject also to the 40% foreign cap. Shang Robinsons Properties Inc. projects Aurelia Residences in the City of Taguig and Haraya Residences in Pasig City had been selling condominium units since 2019 and 2022, respectively, and sales of which have also been subject to the 40% foreign ownership limitation.

(iii) The Issuer 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. The 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) Portions of the Issuer's land where the Shangri-La Plaza Mall is located and the area known as the Internal Road are being leased to SLPC. The leases were renewed pursuant to agreements signed and executed between the parties dated 19 September 2017, which renewal shall expire on 06 January 2023. Rental income is calculated at 10% of SLPC's gross rental income net of prompt payment discount.

(ii) Issuer's subsidiary Shang Properties Realty Corporation and SLPC have in turn entered into an agreement whereby SLPC leased East Wing Mall from said subsidiary for 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. The lease was renewed in 2023 for a period of 5 years which shall expire on 31 December 2028.

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

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

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

On May 8, 2005, the Issuer entered into a Memorandum of Agreement ("MOA") with Shang Properties Realty Corporation ("SPRC") whereby Issuer, as registered owner of a parcel of land located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City ("Property"), agreed with SPRC for the latter to develop the Property into a two-tower high rise residential condominium now known as The St. Francis Shangri-La Place ("Project"). SPRC provided 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 now known as "One Shangri-La Place". This MOA was rescinded by the Parties on 20 September 2013, wherein SPRC purchased the land from Issuer to become both the landowner and developer of the Project.

With Issuer's affiliates:

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

The Issuer leased a portion of its land to an affiliate, Edsa Shangri-La Hotel & Resort, Inc., where the latter's Edsa Shangri-La Hotel is located. The lease is for a period of twenty five (25) years commencing on 28 August 1992, renewable for another twenty five years at the option of the lessee. Rental income is computed on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service payments. In an agreement dated 26 August 2007, the lease was renewed for another 25 years commencing on 28 August 2017 until 27 August 2042.

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 on behalf of its affiliates and vice-versa.

Between Issuer's Affiliates:

a. Shang Property Management Services Inc. entered into a Memorandum of Agreement with KSA Realty Corporation, pursuant to which the former shall assist the latter in managing and administering the leasing operations of The Enterprise Center.

b. Shang Property Management Services Inc. entered into a Memorandum of Agreement with The Enterprise Center Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.

c. Shang Property Management Services Inc. entered into a Memorandum of Agreement with The St. Francis Shangri-La Place Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The St. Francis Shangri-La Place, specifically with respect to the common areas thereof. It also has similar agreements with One Shangri-La Place Condominium Corporation, The Shang Grand Tower Condominium Corporation, Shang Salcedo Place Condominium Corporation, and The Rise Condominium Corporation.

d. SPI Parking Services, Inc. entered into a Memorandum of Agreement with KSA Realty Corporation, with conformity of The Enterprise Center Condominium Corporation, to administer, manage and operate the TEC Parking Slots as a pay parking facility under a mutually agreeable remuneration scheme. It also has similar agreements with SPRC, SLPC, TRDCI and SPI.

(ix) Neither the Issuer's or any of its subsidiaries' businesses are dependent upon or expected to depend upon any patent, trademark, copyright, license, franchise, concession, or royalty agreement.

(x) Neither the Issuer or any of its subsidiaries have products or services requiring governmental approval.

(xi) There are no existing governmental regulations which affect or may affect significantly or adversely the Issuer's or any of its subsidiaries' businesses or operations.

(xii) Neither the Issuer or any of its subsidiaries have allotted any significant amount or portion of their revenues for research and development activities where the same are not highly necessary given the nature of their businesses.

(xiii) The Issuer, as with the SPI Parking Services, Inc., by the nature of their businesses has no direct obligation to comply with environmental laws. As for the Shangri-La Plaza Corporation, Shang Properties Realty Corporation, Shang Property Developers, Inc., Shang Wack Wack Properties, Inc. (for its developments, The Shang Grand Tower, The St. Francis-Shangri-La Place, One Shangri-La Place, and Shang Salcedo Place, Residences at Shang Wack Wack) the costs of its compliance with environmental laws is not significant given the overall operational costs.

(xiv) The issuer has **593 employees** to date, including regular and project-based employees. It has also engaged **423** consultants to date. The Issuer is anticipating to end the year with around **630 employees** (regular and project-based). The breakdown of the 593 employees as to type are as follows:

A. Regular and Probationary:

a.	Staff	-	151
b.	Supervisor	-	136
c.	Section Head	-	92
d.	Department Head	-	29
e.	Division Head	-	14
f.	Executive Committee	-	4

B. Project-Based:

a. Staff	-	39
b. Supervisor	-	84
c. Section Head	-	32
d. Department Head	-	12

The **SPI Parking Services, Inc.** (formerly Edsa Parking Services, Inc.) has **12 employees**. The breakdown as to type is as follows:

a.	Staff	-	6
b.	Supervisor	-	5
c.	Section Head	-	1

The **Shangri-La Plaza Corporation** has **63 employees**. The breakdown as to type is as follows:

a.	Staff	-	18
b.	Supervisor	-	30
c.	Section Head	-	10
d.	Department Head	-	4
e.	Division Head	-	1

The **Shang Properties Realty Corporation** (formerly, The Shang Grand Tower Corporation) has **54 employees**. The breakdown as to type is as follows:

a.	Staff	-	22
b.	Supervisor	-	20
c.	Section Head	-	10
d.	Department Head	-	1
e.	Division Head	-	1

Project-Based

a. Staff	-	4
b. Supervisor	-	7
c. Section Head	-	2
d. Department Head	-	2

The **Shang Property Management Services Inc.** has **32 employees**. The breakdown as to type is as follows:

a.	Staff	-	3
b.	Supervisor	-	6
c.	Section Head	-	15
d.	Department Head	-	1
e.	Division Head	-	1

Project-Based

a. Staff	-	6

The **KSA Realty Corporation** has <u>3 employees</u>. The breakdown as to type is as follows:

a.	Staff	-	1
b.	Supervisor	-	1
c.	Section Head	-	1

The **Shang Wack Wack Properties, Inc.** has <u>26 employees</u>. The breakdown as to type is as follows:

a.	Staff	-	1

Project based

a.	Staff	-	4
b.	Supervisory	-	12
c.	Managerial	-	8
d.	Department Head	-	1

The **SPI Property Holdings, Inc.** has <u>25 employees</u>. The breakdown as to type is as follows:

a.	Section Head	-	1
b.	Department Head	-	1

Project based

a.	Staff	-	6
b.	Supervisor	-	12
c.	Section Head	-	4
d.	Department Head	-	1

The **SPI Land Development, Inc.** has <u>20 employees</u>. The breakdown as to type is as follows:

Project based

a.	Staff	-	3
b.	Supervisor	-	12
c.	Section Head	-	2
d.	Department Head	-	3

The **SPI Property Developers, Inc.** has <u>28 employees</u>. The breakdown as to type is as follows:

a. Staff	-	1
b. Department Head	-	1

Project based

a. Staff	-	2
b. Supervisor	-	16
c. Section Head	-	5
d. Department Head	-	3

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

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

a. Mall operations (of SLPC)

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

b. Office leasing operations (of KSA Realty Corporation, 70.04% 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 Edsa Shangri-La Hotel (by the Issuer)

The Issuer receives regular rental income based on sales from Edsa Shangri-La Hotel. At times, this income is affected when 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 carpark facilities in the complex to the detriment of legitimate mall and hotel patrons. The Company is making representations against this measure in coordination with other mall operators.

e. Residential Condominium Sales

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

Item 2. Properties

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

(B) Description of Properties

On properties owned by Issuer:

(a) A 71,101 sqm property at the heart of Ortigas Center, portions of which are being leased out to 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 is currently set at 20% of Shangri-La Plaza Corporation's gross rental income.

(ii) 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 is also within the 71,101 sqm area, abutting the Shangri-La Plaza Complex, with a gross floor area of 23,625.72 sqm. and 681 slots.

(c) The Issuer entered into a Memorandum of Agreement with Bank of the Philippine Islands for the purchase of a parcel of land located in Barangay Wack Wack, Mandaluyong City, with an area of 2,275 sqm.

On Properties owned by Issuer's subsidiaries:

(a) Properties owned by the Shangri-La Plaza Corporation:

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.

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 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. The development has been fully sold to date.

(ii) Land with an area of 9,852 sqm. located at Edsa cor. Shaw Blvd., Mandaluyong City, on which the One Shangri-La Place Project has been constructed. The Project was completed in 2016 and fully sold out in 2018.

(iii) Land with an area of 5,625 sqm. located at Brgy. Kasambagan, Cebu City, on which a proposed residential condominium project is currently being developed.

(d) Properties owned by EPHI Logistics Holdings, Inc.

None

(e) Properties owned by Shang Global City Holdings, Inc.

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

(f) Properties owned by Shang Fort Bonifacio Holdings, Inc.

None

(g) Properties owned by KSA Realty Corporation

The Enterprise Center, an office condominium along Ayala Avenue, Makati City.

(h) Properties owned by Shang Property Developers, Inc.

The residential condominium project known as Shang Salcedo Place and the parcel of land on which it stands located at the corner of Gil Puyat Ave., Tordesillas St. and H. V. de la Costa St., Salcedo Village, Makati City. The project was completed in 2018 and fully sold out in 2019.

(i) Properties owned by Shang Wack Wack Properties, Inc.

Four (4) contiguous parcels of land at Wack-Wack Road, Brgy. Wack Wack, Greenhills, Mandaluyong City

(i) Properties owned by Classic Elite Holdings, Ltd.

None

(j) Properties owned by Issuer's Joint Venture Agreement with Robinson's Land Corporation:

Two (2) adjoining parcels of land located at McKinley Parkway corner Fifth Ave. and 21st Drive, Bonifacio Global City, Taguig, Metro Manila, owned by the Robinsons Land Corporation and covered by Transfer Certificate of Title (TCT) No. 1784-P and TCT No. 1785-P of the Registry of Deeds for Taguig City. Total land area of the two (2) parcels of land is nine thousand one hundred eighteen square meters (9,118 sq.m.), more or less.

(k) Properties owned by SPI Property Holdings, Inc.

Three (3) parcels of land situated along Canley Road, Pasig City, owned by ALC Industrial & Commecial Development Corp., and covered by Transfer Certificate of Title (TCT) No. (481071) 4492, TCT No. (402089) 4493, and TCT No. (485304) 4494 of the Registry of Deeds of Pasig City. Total land area of the three (3) parcels of land is three thousand three hundred ninety square meters (3,390 sq.m.), more or less.

SPI Property Holdings, Inc., is also the developer of a residential condominium project situated at the former Dahlia, Pasig City.

(l) Properties owned by SPI Property Developers, Inc.

None.

(m) Properties owned by SPI Land Development, Inc.

Three (3) parcels of land situated along Sgt. Esguerra Avenue corners Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City, covered by Transfer Certificate of Title (TCT) No. N-136790, TCT No. N-243022, and TCT No. N-243023 of the Registry of Deeds of Quezon City with an aggregate area of six thousand twenty-four (6,024) square meters, more or less.

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

Item 3. Legal Proceedings

(C) Legal Proceedings

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

In Shangri-La Properties, Inc. (now Shang Properties, Inc.) v. BF Corporation and BF Corporation v. Shangri-La Properties, Inc., a Notice of Judgement was issued by the Supreme Court on 15 October 2019 (a copy of the Decision was received by Issuer's External Counsel for said case only on 10 January 2020), whereby the Supreme Court ordered Issuer to "pay to BF Corporation the net amount of P52,635,679.70, plus legal interest of 6% per annum reckoned from July 31, 2007, the date of the Arbitral Tribunal's Decision, until this decision becomes final and executory, and thereafter, the principal amount due, plus the interest of 6% per annum, shall likewise earn interest of 6% per annum until full satisfaction." This SC Case stems from an Arbitration Case between the parties before the CIAC in connection with the construction in the late 1990's of the carpark structure of what was then known as the Edsa Plaza project. Shang Properties, Inc. already filed a Motion for Reconsideration of the Supreme Court's ruling on 10 January 2020. On 26 July 2021, BF Corporation and SPI filed a Joint Manifestation and Motion informing the Supreme Court about the amicable settlement of the case and jointly moved for its dismissal. In the Resolution received on 06 December 2021, the Supreme Court granted the Joint Manifestation and Motion and deemed the case closed and terminated.

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

There are none.

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

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

(a) The date of the meeting and whether it was an annual or special meeting.

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting. Note whether such director was elected as an "independent director" under Section 38 of the Code and SRC Rule 38 thereunder.

(c) A brief description of each matter voted upon at the meeting and state the number of votes cast for, against or withheld, as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

During the Annual Meeting of the Stockholders of the Issuer held on **18 June 2024**, the stockholders approved and ratified the following:

1. Minutes of the Annual Stockholders Meeting held on **29 June 2023;**

2. Annual Report of the Company as of **31 December 2023**, 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 **29 June 2023** Annual Stockholders Meeting to the date of the Annual Stockholders Meeting on **18 June 2024**;

4. Election of the following members of the Board of Directors for the period **2024 - 2025:**

   1) **Edward Kuok Khoon Loong**
   2) **Maureen Alexandra R. Padilla**
   3) **Cynthia R. Del Castillo**
   4) **Karlo Marco P. Estavillo**
   5) **Antonio O. Cojuangco**
   6) **Maximo G. Licauco III**
   7) **Dennis Au Hing Lun**
   8) **Wolfgang Krueger**
   9) **Benjamin Ivan S. Ramos**
   10) **Maria Rochelle S. Diaz**

5. Appointment of **PriceWaterhouseCooper (Isla Lipana & Co.)** as the Issuer's external auditors for **FY 2024 - 2025.**

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

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

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

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

(f) The Issuer has not published any such report.

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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 Registrant'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
2024		
First Quarter	₱4.00	₱3.62
Second Quarter	₱4.20	₱3.42
Third Quarter	₱3.94	₱3.70
Fourth Quarter	₱4.00	₱3.65
2023		
First Quarter	₱2.75	₱2.50
Second Quarter	₱3.00	₱2.55
Third Quarter	₱3.65	₱3.00
Fourth Quarter	₱3.79	₱3.47

The high and low of Issuer's shares for the period **01 January 2025 to 31 March 2025** are as follows:
High: ₱4.29
Low: ₱3.88

The closing price for the Issuer's shares on 31 March 2025 is ₱3.94.

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 2025**, the Issuer has **5,096** stockholders. Common shares outstanding as of said date is **4,764,056.287.**

The Top 20 stockholders of the Issuer as of 31 March 2025 are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1. Travel Aim Investment B.V.	1,648,869,372	34.61%
2. Ideal Sites and Properties, Inc.	1,465,144,626	30.75%
3. PCD Nominee Corporation - Fil	1,001,633,014	21.02%
4. SM Development Corporation	187,350,548	3.93%
5. PCD Nominee Corporation – Non-Fil	71,669,126	1.50%
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. Kuok Brothers SDN. BHD.	37,023,839	0.78%
10. Kuok Foundation Overseas Limited	37,023,839	0.78%
11. GGC Holdings, Incorporated	26,224,322	0.55%
12. Kerry Holdings Limited	26,090,624	0.55%
13. Kuok (Singapore) Limited	24,848,214	0.52%
14. Kerry (1989) LTD.	12,424,107	0.26%
15. Kuok Traders (Hong Kong) LTD.	11,407,363	0.24%
16. Federal Homes, Inc.	4,808,478	0.10%
17. Luxhart Assets Limited	3,975,714	0.08%
18. Yan, Lucio W. Yan &/or Clara	3,142,857	0.07%
19. Antonio O. Cojuangco	3,026,964	0.06%
20. James Lim Go	3,000,000	0.06%
	4,711,397,439	**98.88%**

Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,144,626 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

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

Cash Dividends

2025

- During the regular meeting of the Issuer's Board held on 12 March 2025, the Board approved the declaration of ₱0.18260 per share cash dividend to all shareholders of record as of 28 March 2025, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2024, to be paid on or before 11 April 2025.

2024

- During the regular meeting of the Issuer's Board held on 19 March 2024, the Board approved the declaration of ₱0.15527 per share cash dividend to all shareholders of record as of 04 April 2024, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2023, to be paid on or before 15 April 2024.

- During the regular meeting of the Issuer's Board held on 28 August 2024, the Board approved the declaration of ₱0.13440 per share cash dividend to all shareholders of record as of 16 September 2024, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 30 June 2024, to be paid on or before 26 September 2024.

2023

- During the regular meeting of the Issuer's Board held on 22 March 2023, the Board approved the declaration of ₱0.15500 per share cash dividend to all shareholders of record as of 11 April 2023, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2022, to be paid on or before 21 April 2023.
- During the regular meeting of the Issuer's Board held on 17 August 2023, the Board approved the declaration of ₱0.1344 per share cash dividend to all shareholders of record as of 08 September 2023, to be taken from the unrestricted retained earnings as reflected in the financial statements of the Issuer as of 30 June 2023, to be paid on or before 22 September 2023.

(b) Describe any restriction that limits the ability to pay dividends on common equity or that are likely to do so in the future.

Stock Dividends

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

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.

(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

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.

Item 6. 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		%
		2024	2023	Change
Turnover	(Php M)	11,819	9,817	20.39%
Profit Attributable to shareholders	(Php M)	9,357	5,518	69.54%
Earnings per share	(Php Ctv)	1.965	1.159	69.54%
Net Asset Value per share	(Php)	10.759	9.307	15.60%
Price Earnings Ratio	(Times)	2.005	3.167	-36.69%

- Turnover consists of revenue from condominium sales, rental and cinema, and hotel operations. Shang Properties' gross revenue increased by ₱2.002B to ₱11,819B in 2024 from ₱9.817B in 2023. Sales of residential condominium units of ₱4.615B accounted for 39% of the Group's turnover in 2024. Revenue from rental and cinema operations amounted to ₱2.68B, higher by ₱144M from last year's ₱2.540B. Hotel operations of Shangri-La at the Fort contributed revenue amounting to P4.519B or 38% of turnover in 2024, higher by ₱316M from last year's ₱4.203B.

- Profit attributable to shareholders pertains to net income from operations of the Group, net of minority shareholders' share. It increased by ₱3.839B or 69.54% compared with last year.

- Earnings per share of ₱1.965 were higher by 69.54% from last year's ₱1.159.

- 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 15.60% mainly due to increase in Properties Held for Sale due to ongoing property development and increase in Investment Properties mainly due to property revaluation and land acquisition as well as ongoing development.

- Price Earnings ratio is a valuation of the company's current share price compared to earnings per share and calculated by dividing the market value per share by the earnings per share. Price earnings ratio is lower by 36.69% at 2.005 times this year from 3.167 times last year. The Group' year-end share price in 2024 is ₱3.94 from ₱3.67 in 2023.

Results of Operations

Calendar Year 2024 Compared to Calendar Year 2023

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2024 amounted to ₱9.357B, ₱3,.39B higher than the ₱5.518B posted in the same period last year. This is mainly due to higher turnover and gain on Fair Value Adjustment of Investment Properties taken up during the year, amounting to ₱3.91B, net of deferred income tax effect.

Increase in Turnover by ₱2.002B or 20.39% to ₱11.819B in 2024 from ₱9.817B in 2023, mainly due to higher revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

1. Increase in condominium sales by ₱1.539b is mainly due to higher percentage of completion across all projects and sales from the launch of two new projects – Shang Summit and Shang Bauhinia Residences. increase in the number of units sold across all projects of the Group, including Laya project which was launched this year.

2. Increase in revenue from rental and cinema by ₱144M mainly due to higher occupancy rate and higher rental yield of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza.

3. Increase in revenue from hotel operations by ₱316M is mainly due to higher occupancy of the Shangri-La at the Fort Hotel and increase revenue from other operating segments such as retail and residences.

Cost of sales and services of the Group amounted to ₱4.350B, higher by ₱883.2M compared with last year's ₱3.467B due to the net effect of the following:

1. Increase in cost of condominium sales by ₱798M mainly due to higher sales across all projects.

2. Increase in cost of rental and cinema by ₱30.89M mainly due to utilities costs and cost of outsourced services.

3. Increase in cost of hotel services by ₱54.58M due to higher occupancy compared to same period last year.

Operating expenses of the Group amounted to ₱2.447B higher by ₱336.18M or 15.93% from last year's ₱2.111B mainly due to the net effect of the following:

1. Higher staff cost by ₱105.64M due to annual salary adjustments and increase in number of employees of the Group.

2. Increase in taxes and licenses by ₱54.90M mainly due to higher annual business permits and Real Property Tax paid by the Group.

3. Increase in insurance expense by ₱6.93M mainly due to higher premiums of insurance due to market conditions.

4. Increase in other general and administrative expenses by ₱167.25M mainly due to Advertising and Commission Expenses incurred due to the various ongoing projects and Hotel operations.

Other income increased by ₱4.272BM mainly due to the Gain on Fair Value Adjustment of Investment Property, partially offset by the provision for impairment of receivables taken up during the year.

Increase in finance costs by ₱13.82M mainly due to higher bank loan balance.

Income tax expense is higher by ₱1.236B mainly due to higher taxable income generated during the year and the deferred income tax on the gain on revaluation.

Calendar Year 2023 Compared to Calendar Year 2022

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2023 amounted to ₱5.518B, P1.88B higher than the ₱3.634B posted in the same period last year.

Increase in Turnover by ₱1.956B or 24.88% to ₱9.817B in 2023 from ₱7.861B in 2022, mainly due to higher revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

4. Increase in condominium sales by ₱222.4M is mainly due to increase in the number of units sold across all projects of the Group, including Laya project which was launched this year.

5. Increase in revenue from rental and cinema by ₱375.8M mainly due to higher occupancy rate of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza.

6. Increase in revenue from hotel operations by ₱1.358B is mainly due to higher occupancy of the Shangri-La at the Fort Hotel and strong performance of its food and beverage segments.

Cost of sales and services of the Group amounted to ₱3.467B, higher by ₱336.7M compared with last year's ₱3.13B due to the net effect of the following:

4. Increase in cost of condominium sales by ₱6.9M mainly due to higher sales across all projects.

5. Increase in cost of hotel services by ₱432.78M due to higher occupancy compared to same period last year.

6. The increases in condominium sales and cost of hotel services are partially offset by decrease in cost of rental and cinema by ₱103.1M mainly due to higher recovery of common expenses of Group's Mall operations.

Operating expenses of the Group amounted to ₱2.111B higher by ₱384.5M or 22.28% from last year's ₱1.726 mainly due to the net effect of the following:

5. Higher staff cost by ₱31.6M due to annual salary adjustments and increase in number of employees of the Group.

6. Increase in taxes and licenses by ₱26.4M mainly due to higher annual business permits and Real Property Tax paid by the Group.

7. Decrease in depreciation and amortization by ₱1.97M due to additional office improvements made and other equipment for the year.

8. Increase in insurance expense by ₱24.765M mainly due to Terrorism and Sabotage insurance acquired by TRDCI for Assembly Ground and higher premiums of insurance due to market conditions.

9. Increase in other general and administrative expenses by ₱299.8M mainly due to Advertising and Commission Expenses incurred due to the various ongoing projects and Hotel operations.

Other income increased by ₱154.25M mainly due to forfeited payments of cancelled units from The Rise and income from the sale of excess development rights in Shangri-La at the Fort.

Decrease in interest expense and bank charges by ₱57.33M mainly due to lower interest rate on bank loans of Shangri-La at the Fort and Shang Properties Inc and principal payments during the year.

Provision for income tax is higher by ₱371.53M mainly due to higher taxable income generated during the year.

Calendar Year 2022 Compared to Calendar Year 2021

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2022 amounted to ₱3.634, ₱1.510B higher than the ₱2.124B posted in the same period last year.

Increase in Turnover by ₱3.287B or 71.86% to ₱7.861B in 2022 from ₱4.574B in 2021, mainly due to higher revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

10. Increase in condominium sales by ₱900M is mainly due to higher percentage of completion used to recognize revenue for the year and also higher number of units sold compared with last year.

11. Increase in revenue from rental and cinema by ₱345M mainly due to higher rental yield of Shangri-La Plaza Mall. Occupancy of the Mall also slight improved compared with last year.

12. Increase in revenue from hotel operations by ₱2.043B is mainly due to higher occupancy of the Shangri-La at the Fort Hotel caused by the easing up of restrictions regarding entry of foreign travelers in the Philippines. Average daily rate of the Hotel also significantly increased as more business and leisure stays were booked, as opposed to quarantine-related bookings in 2021.

Cost of sales and services of the Group amounted to ₱3.188B, higher by ₱623M compared with last year's ₱2.565B due to the following:

1. Increase in cost of condominium sales by ₱269M due to the corresponding increase in revenue across all projects.

2. Increase in cost of rental and cinema by ₱93M mainly due to higher common area expenses, particularly cost of electricity, brought about by higher occupancy rate and increased operations of the Mall as a result of the easing up of COVID-19 restrictions which increased foot traffic in the Mall.

3. Increase in cost of hotel services by ₱261M due to higher occupancy compared to same period last year.

Operating expenses of the Group amounted to ₱1.68B higher by ₱328M or 24.25% from last year's ₱1.35B mainly due to the net effect of the following:

1. Higher professional fees by ₱124M due to higher service fees paid by Shangri-La at the Fort for credit card transactions of guests due to increase in value of the credit card transactions and also due to professional fee relating to current and new projects.
2. Higher advertising costs by ₱74M because of marketing initiatives regarding corporate branding as well as to promote all the ongoing projects and the hotel.
3. Increase in cost of systems and license maintenance by ₱66M mainly due to various automation initiatives and systems upgrade, particularly for Shangri-La at the Fort Hotel.
4. Higher amount donated to various feeding programs and typhoon relief operations by ₱30M.
5. Higher cost of electricity by ₱19M due to increase in electricity rates per kwhr.
6. Higher condominium dues by ₱18M, paid to the Condominium Corporation of The Enterprise Center, the Group's office building which is being leased out. The Group pays for vacant spaces and occupancy rate of the building decreased in 2022.

Other income decreased by ₱22M mainly due to lower income from forfeited security deposits of tenants compared with 2021.

Decrease in interest expense and bank charges by ₱11M mainly due to full payment of the long term debt of Shang Properties Inc. Most of the outstanding borrowings of the Group are related to property development so the interest expenses are mostly capitalized.

Provision for income tax is higher by ₱1.545B mainly due to increase in taxable income and also because of adjustments due to CREATE Law which effectively reduced provision for income tax in 2021.

Financial Condition

Calendar Year 2024 Compared to Calendar Year 2023

Total assets of the Group amounted to ₱91.842B, increased by ₱17.192B from the total assets of ₱74.650B on December 31, 2023. The following are the significant movements in the assets:

- Increase in cash and cash equivalents by ₱1.763B mainly due to collection of receivables and proceeds from loan availment.
- Decrease in financial assets at fair value through profit or loss by ₱2.51M due to loss on fair value adjustment recognized during the year.
- Increase in trade and other receivables by ₱870.60M is mainly due to higher Installment Contracts Receivable from Condominium sales with two additional projects launched during the year.
- Increase in properties held for sale by ₱3.137B mainly due to ongoing project development and additional two ongoing projects.
- Net increase in investment in and advances to an associate and a joint venture by ₱1.031B is mainly due to the Group's 50% share in net income of Shang Robinsons Properties, Inc. which is a joint venture with Robinson's Land Corporation (RLC).

- Increase in investment properties by ₱9.905B is mainly due to the fair value adjustment of SLPC Mall and certain parcels of land held by the Group, as well as accumulated development cost of a commercial project.

- Decrease in deferred income tax assets by ₱52.19M is mainly due to income recognition of SGCPI's NOLCO for the period.

- Decrease in other noncurrent assets by ₱1.226B is mainly due to advances to contractors in 2023 that were either already recovered or reclassified to current status.

The net increase in total liabilities by ₱10.374B from ₱24.162B in 2023 to ₱34.536B in 2024 mainly due to the following:

- Increase in bank loans mainly due to new loans availed during the year amounting to ₱7.98B.

- Increase in income tax payable by ₱248.82M mainly due to higher taxable income for the year.

- Increase in dividends payable by ₱457.48M due to unreleased dividend payments to an overseas mniroity shareholder of a subsidiary.

- Increase in deferred income tax liability by ₱1.422B due the deferred income tax effect of the gain on revaluation of investment property taken up during the year.

Calendar Year 2023 Compared to Calendar Year 2022

Total assets of the Group amounted to ₱74.65B, increased by ₱7.021B from the total assets of ₱67.629B on December 31, 2022. The following are the significant movements in the assets:

- Increase in cash and cash equivalents by ₱89.54M mainly due to additions to availment of additional bank loans during the year.

- Increase in financial assets at fair value through profit or loss by ₱4.011M due to profit on fair value adjustment recognized during the year.

- Increase in trade and other receivables by ₱1.285B mainly due to higher Installment Contracts Receivable from Condominium sales.

- Increase in properties held for sale by ₱811.74M mainly due to ongoing project development.

- Net increase in investment in and advances to an associate and a joint venture by ₱2.471B is mainly due to the Group's 50% share in net income of Shang Robinsons Properties, Inc. which is a joint venture with Robinson's Land Corporation (RLC).

- Increase in investment properties by ₱1.317B is mainly due to the development cost of a commercial project.

- Decrease in deferred income tax assets by ₱269.6M is mainly due to income recognition of SGCPI's NOLCO for the period.

- Increase in other noncurrent assets by ₱1.268B is mainly due to advances to contractors during the year which pertain to initial payments of the Group's investment property under construction.

The net increase in total liabilities by ₱2.468B from ₱21.694BB in 2022 to ₱24.162B in 2022 mainly due to the following:

- The increase in Accounts Payable by ₱263.74M is mainly due to higher trade payables for construction-related purchases.

- Increase in bank loans mainly due to new short-term loans availment during the year amounting to ₱2.109B.

- Decrease in deferred lease income by ₱5.79M mainly due to lower deposits from The Enterprise Center (TEC) and Shangri-La Plaza and refunds made to tenants with terminated leases.

- Increase in Deposit from Tenants by ₱25.538M is mainly due to accretion of theoretical interest income on security deposits during the year,.

- Increase in income tax payable by ₱2.54M mainly due to higher taxable income for the year.

- Increase in dividends payable by ₱8.8M due higher dividends declared and higher unclaimed dividend checks paid to shareholders during the year.

Calendar Year 2022 Compared to Calendar Year 2021

Total assets of the Group as of December 31, 2022 amounted to ₱67.629B, increased by ₱3.853B from the total assets of ₱63.777B on December 31, 2021. The following are the significant movements in the assets:

- Decrease in cash and cash equivalents by ₱58M mainly due to usage in operations and additions to properties held for sale through property development.

- Decrease in financial assets at fair value through profit or loss by ₱3M due to loss on fair value adjustment recognized during the year.

- Increase in properties held for sale by ₱770M mainly due to ongoing project development and acquisition cost of land which will also be used for project development.

- Net increase in investment in and advances to an associate and a joint venture is mainly due to the Group's 50% share in net income of Shang Robinsons Properties, Inc. which is a joint venture with Robinson's Land Corporation (RLC).

- Increase in investment properties by ₱599M is mainly due to the development cost of a commercial project.

- Decrease in property, plant and equipment by ₱240M is mainly due to periodic depreciation.

- Decrease in deferred income tax assets by ₱121M is mainly due to income recognition of SGCPI's NOLCO for the period.

The net decrease in total liabilities by ₱856M from ₱20.838B in 2021 to ₱21.694B in 2022 mainly due to the following:

- The net increase in Accounts Payable by ₱376M is mainly due to increase in advanced rent of Shangri-La Plaza Mall as well as higher payable to government agencies due to higher expenses during the last quarter of 2022.

- Increase in bank loans by ₱600M mainly due to new availments of short-term loans during the year amounting to ₱3.256B which is partially offset by payment of long-term dept and short-term loans of the Shangri-La at the Fort Hotel of ₱2.865B.

- Decrease in deferred lease income by ₱17M and Deposit from Tenants by ₱148M is mainly due to lower deposits from The Enterprise Center (TEC) and Shangri-La Plaza.

- Decrease in income tax payable by ₱13M mainly due to quarterly payments and applicable creditable withholding taxes.

    - Increase in accrued employee benefits by ₱19M mainly due to accrual of retirement benefits.

Statement of Cash Flows

Net cash provided by operating activities in 2024 amounted to ₱763.49M. The cash inflows in 2024, 2023 and 2022 includes collection of revenue from various condominium projects, rental revenue from mall operation of the Shangri-La Plaza and leasing operations of TEC, and hotel operations of Shangri-La at the Fort. Net cash provided by operating activities in 2023 is ₱1.237B and ₱1.181B in 2022.

Net cash used in investing activities in 2024 amounted to ₱5.636B mainly used in the acquisition of a subsidiary and project development of an investment property. Net cash used in investing activities in 2023 and 2022 amounted to ₱1.3442B and ₱749.86M, respectively.

Net cash provided by financing activities in 2024 amounted to ₱6.633B mainly from new short-term loan proceeds for the year. In 2023, net cash provided by financing activities amounted ₱194.92M and in 2022 the Groups financing activities resulted to a net cash outflow of ₱513.14M mainly due to payments of bank loans, interest and cash dividends.

(b) Interim Periods

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

(i) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to 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.

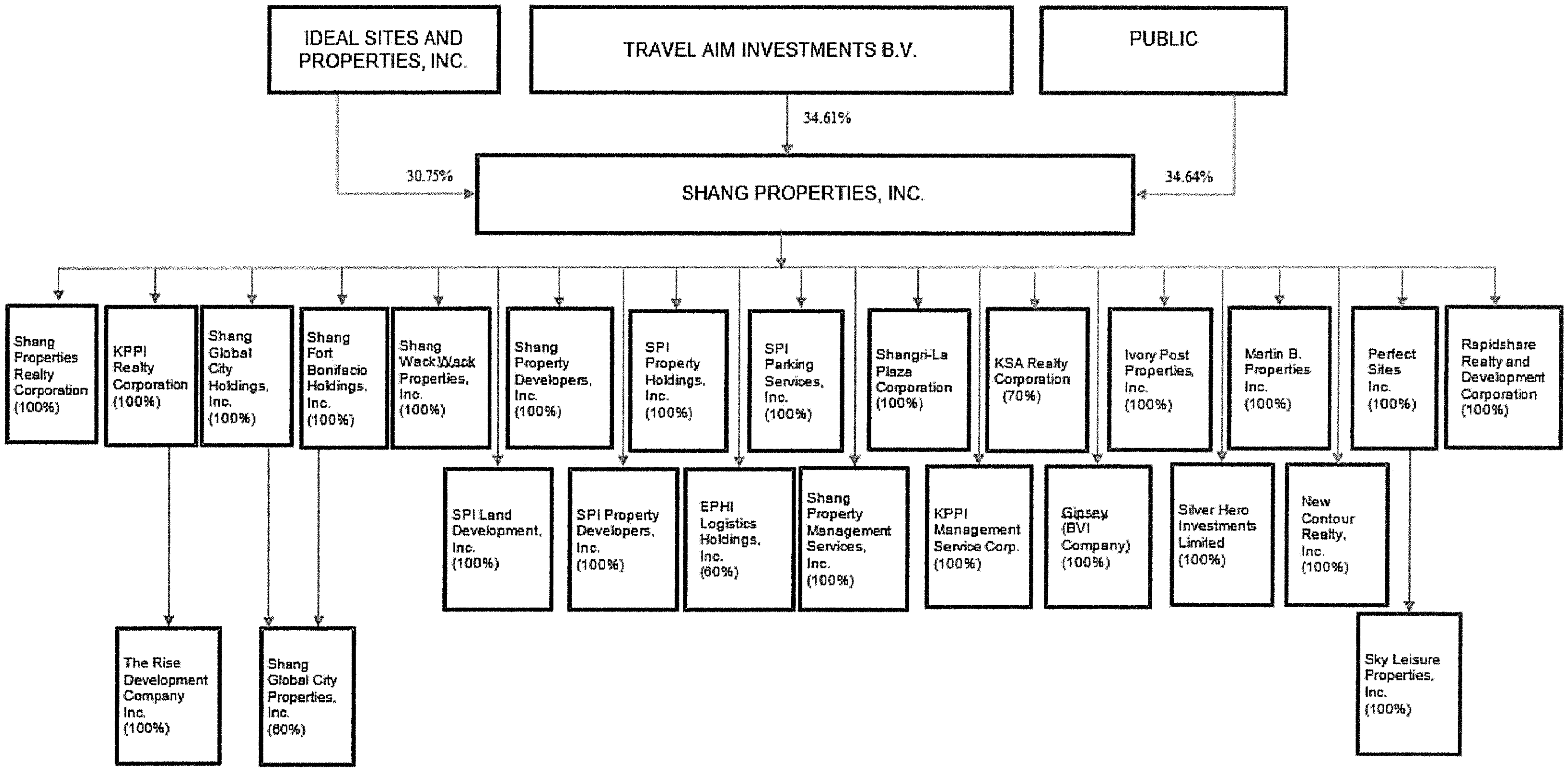
Item 7. Consolidated Audited Financial Statements

The Consolidated Audited Financial Statements of the Group for 2024 are incorporated in the accompanying Exhibits and Schedules.

Statements Required by Rule 68 Securities Regulation Code (SRC)

Shang Properties, Inc. and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
as of December 31, 2024



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2024, 2023 and 2022
(All amounts in thousands of Philippine Peso)

Ratio	Formula		2024	2023	2022
A. Current and Liquidity Ratios					
1. Current ratio	Total current assets	23,937,058	1.34	0.99	0.98
	Divided by: Total current liabilities	17,813,490			
	Current ratio	1.34			
2. Acid test ratio	Total current assets	23,937,058	1.08	0.82	0.82
	Less: Prepaid taxes and other current assets	4,626,305			
	Quick assets	19,310,753			
	Divided by: Total current liabilities	17,813,490			
	Acid test ratio	1.08			
B. Solvency ratio	Net income	9,356,554	0.3	0.3	0.2
	Add: Depreciation*	35,464			
	Net income before depreciation	9,392,018			
	Divided by: Total liabilities	34,535,632			
	Solvency ratio	0.3			
C. Debt to equity ratio	Total liabilities	34,535,632	0.60	0.48	0.47
	Divided by: Total equity	57,306,704			
	Debt to equity ratio	0.60			
D. Asset to equity ratio	Total assets	91,842,336	1.60	1.48	1.47
	Divided by: Total equity	57,306,704			
	Asset to equity ratio	1.60			
E. Debt ratio	Total liabilities	34,535,632	0.38	0.32	0.32
	Divided by: Total assets	91,842,336			
	Debt ratio	0.38			

(Continued)

Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2024, 2023 and 2022
(All amounts in thousands of Philippine Peso)

Ratio	Formula		2024	2023	2022
F. Profitability ratios					
1. Return on assets (%)	Net income	9,971,725	10.93	8.17	5.9
	Divided by: Total assets	91,842,336			
	Return on assets (%)	10.86			
2. Return on equity (%)	Net income	9,971,725	17.40	12.09	8.68
	Divided by: Total equity	58,380,106			
	Return on equity (%)	17.40			
3. Net profit margin (%)	Net income	9,971,725	84.37	62.2	50.7
	Divided by: Total revenues	11,818,623			
	Net profit margin (%)	84.37			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	9,356,554	1.97	1.16	0.76
	Divided by: Total shares outstanding	4,761,918			
	EPS attributable to equity holders of Parent	1.97			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	51,232,558	10.76	9.31	8.43
	Divided by: Total shares outstanding	4,761,918			
	BPS attributable to equity holders of Parent	10.76			

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Description of each issue	Number of shares	Amount shown in the Consolidated Statement of Financial Position	Value based on market quotations at statement date	Income (loss) received and accrued
Cash and cash equivalents*		3,170,640	3,170,640	271,828
Trade and other receivables**		7,709,620	7,709,620	-
Financial assets at fair value through profit or loss***		32,895	32,895	(2,510)
Refundable deposits****		74,549	74,549	-
Financial assets at fair value through other comprehensive income*****				
Quoted shares	8	81,350	81,350	17,300
Unquoted shares	298,516	765,418	765,418	-
		846,768	846,768	17,300
		11,835,472	11,835,472	286,618

See Note 3 to the Consolidated Financial Statements.
** See Note 5 to the Consolidated Financial Statements.
*** See Note 4 to the Consolidated Financial Statements.
**** See Notes 7 and 14 to the Consolidated Financial Statements.
***** See Note 11 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction: Amount collected	Deduction: Amount written-off	Current	Non-current	Balance at end of period
Classic Elite Holdings Limited	1,144,188			(751,977)	-	392,211	392,211
One Shangri-la Place Condominium Corp	63,236	21,412	(15,168)	-	21,412	48,121	69,533
Shang Salcedo Place Condo. Corp.	87,654	10,310	-	-	10,310	87,654	97,964
EDSA Shangri-la Hotel & Resorts, Inc.	40,859	172,740	(173,607)	-	35,250	4,742	39,992
Makati Shangri-la Hotel	8,846	58	(41)	-	-	8,863	8,863
The St. Francis Shangri-la Place Condo. Corp	66,050	3,708	(2,383)	-	3,708	63,667	67,375
The Shang Grand Tower Condo. Corp.	36,172	9,451	(4,297)	-	8,438	32,888	41,326
Ideal Sites Property Inc.	7,019	4	-	-	-	7,023	7,023
Mactan Shangri-la Hotel	2,488	39,387	-	-	39,387	2,488	41,875
The Enterprise Centre Condo. Corp.	25,892	976	(9,979)	-	976	15,913	16,889
Shang Robinsons Properties, Inc.	2,371,098	1,484,206	(1,853,010)	-	2,140	2,000,154	2,002,294
Others	(2,438,492)	1,291,710	(38,886)	-	336	(1,186,003)	(1,185,667)
	1,415,010	3,033,962	(2,097,371)	(751,977)	121,957	1,477,721	1,599,678

See Notes 5 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Shang Properties, Inc.	15,126,096	7,415,573	2,336,533	-	7,415,573	12,789,563	20,205,136
Shangri-la Plaza Corp.	522,640	30,428	30,347	-	522,721	-	522,721
Shang Property management Services, Inc.	125,104	74,736	13,396		69,640	116,804	186,444
Shang Properties Realty Corporation	169,484	201,005	195,084	-	74,366	101,039	175,405
SPI Parking Services, Inc.	-	-	-	-	-	-	-
KSA Realty Corporation	4,689	31,227	32,967		2,949	-	2,949
Shang Property Developers, Inc.	2,252,763	61			2,252,824		2,252,824
Silver Hero from SPDI	2,317,500	-	-	-	-	2,317,500	2,317,500
The Rise Development Company, Inc.	297,631	46,056	130,770	-	46,098	166,819	212,917
New Contour Realty Inc.	4,028	-	-	-	4,028	-	4,028
Shang Global City Properties, Inc.	3,530	1,172	-	-	4,702	-	4,702
Shang Wack Wack Properties, Inc.	29,942	52,060	-	-	82,002	-	82,002
Perfect Sites Inc.	143,109	18,000	-	-	18,000	143,109	161,109
KPPI Realty Corporation	4	-	-	-	4	-	4
SPI LDI	5,712	13,908	623	-	18,997	-	18,997
SPI PDI	30,560	30,614	31,364	-	29,810	-	29,810
SPI PHI	1,544	7,759	2,156	-	7,147	-	7,147
	21,034,336	7,922,899	2,773,240	-	10,548,861	15,634,834	26,183,695

See Note 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-term debt" in related Statement of Financial Position
BPI Long Term Loan	15,000,000	-	7,040,000
BPI Short Term Loan Line	7,500,000	2,423,000	-
BPI Revolving PN Line		5,160,000	-
BDO Short Term Credit Line	5,000,000	3,472,000	-
PNB Revolving PN Line	2,000,000	-	-
	29,500,000	11,055,000	7,040,000

Shang Properties, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Shangri-La International Hotel Management Limited	34,533	20,783
St. Francis Shangri-La place Condo. Corp.	317	277
The Enterprise Center condo. Corp	13,800	14,701
Others	33,239	140,521
	81,889	176,282

See Notes 15 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name of issuing entity of securities guaranteed by the Company for which statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by the company for which statement is filed	Nature of guarantee
Not applicable				

Shang Properties, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Title of issue	Number of shares authorized	Number of Shares issued and outstanding as shown under related Statement of Financial Position	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by related parties	Number of shares held by directors, officers, and employees	Others
Issued shares:						
Common shares	8,000,000	4,764,059	-	-	-	-
Outstanding shares:						
Common shares	-	4,764,059	-	3,114,014	4,053	1,645,989
Total		4,764,059	-	3,114,014	4,053	1,645,989

See Note 18 to the Consolidated Financial Statements.

Shang Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Unappropriated Retained Earnings, beginning of the year/period[i]		11,534,524
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	1,379,674	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	890,855	
Others (describe nature)	-	2,270,529
Unappropriated Retained Earnings, as adjusted		9,263,995
Add/Less: Net Income (loss) for the current year/period		7,270,273
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	2,526,569	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property, net of tax	3,562,814	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	6,089,383

(continued)

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	-	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to- market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Adjusted net income		1,180,890
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP[ii]		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	-

(continued)

Add/Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
	Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
	Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
	Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
	Others (describe nature)	-	-
Total Retained Earnings, end of the year/period available for dividend declaration[iii]			**10,444,884**

[i] Unappropriated Retained Earnings, beginning of year/period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding year/period.

[ii] Adjustments related to the relief provided by the SEC and BSP pertain to accounting relief (e.g. losses that are reported on a staggered basis) granted by regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.

[iii] This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and its Implementing Rules and Regulations.

External Audit Fees and Services

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

	2024	2023
Audit Fees	4,360,000	4,039,000
Tax Consultancy Fees	1,300,000	-
	5,660,000	4,039,000

No other service was provided by external auditors to the Company for the fiscal years 2024 and 2023.

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"

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

The Group's external auditor for the last 2 years is Isla Lipana & Co.

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

The Group's external auditor for the last 2 years is Isla Lipana & Co. There were no disagreements with Isla Lipana & Co. on any accounting and financial disclosure matters.

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

Not Applicable

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".

Directors, Executive Officers, Promoters and Control Persons

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

The Directors, Independent Directors and Executive Officers of the Issuer are as follows (as of **31 March 2025**):

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong	Malaysian	Yes /33 yrs.	72	Chairman	None
Maureen Alexandra Ramos-Padilla	Filipino	Yes /2yrs. & 4 mos.	52		None
Cynthia R. Del Castillo	Filipino	Yes /23 yrs. & 9 mos.	72		Sanitary Wares & Mfg. Corp.
Benjamin Ivan S. Ramos	Filipino	Yes /14 yrs. & 7 mos.	56		None
Cheng Wai Sun	Hong Kong Resident	Yes/7 mos. & 3 days	50		Kerry Properties Limited
Antonio O. Cojuangco***	Filipino	Yes /14 yrs. & 7 mos.	73		None
Karlo Marco P. Estavillo	Filipino	Yes/8 yrs. & 6 mos.	53	Chief Operating Officer	None
Wolfgang Krueger	Deutsch	Yes/4 yrs. & 3 mos.	60	Executive Vice President	None
Maximo G. Licauco III	Filipino	Yes/11 yrs & 4 mos.	74	Vice Chairman	None
Rajeev Garg	Indian	(No)	50	VP-Finance	None
Federico G. Noel, Jr.	Filipino	(No)	63	Corporate Secretary	None
Mabel P. Tacorda	Filipino	(No)	52	Chief Financial Officer	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.

Maureen Alexandra Ramos-Padilla[1] was a former member of the Board of the Issuer from 2006 to 2013. She also sits in the Board of Directors of Philodrill Corporation, Anglo Philippines Holdings Corporation and United Paragon Corporation. She is currently Managing Director of National Bookstore, Inc. and President of Anvil Publishing. She graduated from Ateneo de Manila University major in Management Engineering and obtained her Master's in Business Administration from Northwestern University, Illinois, USA.

Cynthia Roxas Del Castillo is a Senior Partner and a member of the Executive Board at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles and has been with the firm for over 30 years. She holds an Ll.B from Ateneo, graduated Valedictorian in 1976 and placed 11th in the 1976 Bar Examinations. She was a former Dean of the Ateneo de Manila University's Law School and the first woman to hold the said position. She currently serves as Corporate Secretary and Director of other various Philippine corporations.

******Benjamin Ivan S. 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.

Au Hing Lun, Dennis[2] aged 63 has been the Deputy Chief Executive Officer and an Executive Director of Kerry Properties Limited ("KPL") since May 2022. He is also a member of the KPL's Executive Committee and Finance Committee. He has over 35 years of experience in accounting, finance, consultancy, business development and general management spanning across manufacturing, technology and real estate industries. Mr Au worked for the tax division of Arthur Andersen & Co. and later on Andersen Consulting (now known as Accenture plc), providing advisory on tax, IT system design and integration projects for governments and multinational companies. Mr. Au is a fellow member of the Association of Chartered Certified Accountants. He holds a Master of Business Administration degree from the University of Hong Kong and a Bachelor of Science degree from Dalhousie University in Canada.

Cheng Wai Sun[3] is the Chief Financial Officer and the Company Secretary of Kerry Properties Limited ("KPL"). She is also a member of the KPL's Finance Committee. Prior to joining KPL, Ms. Cheng was the Chief Financial Officer of Hutchison Telecommunications Hong Kong Holdings Limited (a listed company in Hong Kong) since 2012. As a qualified accountant, Ms. Cheng holds fellow membership with the Association of Chartered Certified Accountants and membership with the Hong Kong Institute of Certified Public Accountants. She is also a Fellow Member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute and awarded with the dual designations of Chartered Secretary and Chartered Governance Professional. In addition to her professional qualification, Ms. Cheng holds a Master of Science degree in Finance.

******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 and Directories Philippines Corporation. He is the President of Calatagan Bay Realty, Chairman and President of Calatagan Golf Club, Inc. and Canlubang Golf and Country Club.

Karlo Marco P. Estavillo served as General Manager of San Miguel Properties, Inc., and a member of the Board of Directors of United Coconut Planters Bank, Cocolife, and UCPB General Insurance, Inc. He received a Bachelor of Laws Degree from the University of the Philippines College of Law and Bachelor of Science in Business Management from the Ateneo de Manila University.

Wolfgang Krueger was the Regional Executive Vice President for Shangri-La International Hotels Limited and looked after all the Shangri-La Hotels in the Philippines. He joined Shangri-La Group in 2003 and has been with the group for over 18 years. (*He replaced Mr. Louie Chi Kong Wong who resigned as a member of the Board as of 03 December 2020. Mr. Krueger will serve as member of the board for the remainder of Mr. Wong's term and until his successor is duly elected and qualified*)

******Maximo G. Licauco III*** He is the President of Filstar Distributors Corporation (Licensee of Hallmark Cards and exclusive distributor of BIC Products). He was previously an Area Vice President of National Book Store, Inc. where he spent 34 years

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[1] She was elected as member of the Board to replace Mr. Alfredo Ramos who ceased to hold his office/ position by reason of his passing last 26 November 2022

[2] He resigned as member of the Board of Directors effective 28 August 2024.

[3] She was elected as member of the Board as of 28 August 2024, to replace Mr. Dennis Au Hing Lun and serve as such for the remainder of Mr. Lun's term and until his successor is duly elected and qualified.

in the retail business. He graduated at the Ateneo De Manila University with Bachelor of Arts Degree major in Economics. *(He was elected as Vice Chairman of the Issuer in replacement of Mr. Alfredo Ramos.)*

Rajeev Garg is the Vice President - Comptrollership of the Issuer. He has been with the Kuok Group for a total of 14 years covering various functions including Finance in Shangri-La Dubai, Aberdeen Marina Club, Hong Kong, two (2) Shangri-La Development Projects in Sri Lanka and another development project in Colombo before moving to Issuer.

He holds a Bachelor's Degree in Accounting and Accounting Certificate from the Institute of Chartered Accountants of India and PG Diploma in Management. *(Mr. Rajeev Garg was elected as Vice President - Comptrollership of the Issuer as of 06 March 2019.)*

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

Mabel P. Tacorda is the Chief Financial Officer of the Issuer effective 01 January 2023. Ms. Tacorda has been with the Issuer for almost 14 years prior to being promoted as CFO. She started with the Issuer as an Accounting Manager, then became Senior Accounting Manager, Group Accounting Manager, Assistant Financial Controller, Group Financial Controller and recently appointed as the Chief Financial Officer. Her career started in Audit with SGV & CO. in 1994 and left the firm as an Associate Director in 2004. She also worked as an Audit Analyst – Business Risk from 2006 to 2009. She graduated Bachelor of Science in Accountancy from the University of St. La Salle, *cum laude*, accredited Financial Analyst by the American Academy of Financial Management, passed the Certifying Examination of the Institute of Internal Auditors as a Certified Internal Auditor and a Certified Public Accountant.

**** **Messrs. Maximo G. Licauco III, Antonio O. Cojuangco, and Benjamin Ivan S. Ramos** were elected independent directors. All of the foregoing independent directors have no relationship with Ideal Sites and Properties, Inc., either as directors or officers.*

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

(2) Significant Employees

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

(3) Family Relationships

Mr. Benjamin Ivan Ramos and Ms. Maureen Alexandra Ramos-Padilla are first cousins.

(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 proceeding, 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/her 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. **2022 and 2023** and to be paid in the ensuing fiscal year **2024** 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 Php)		
		BASIC	BONUS	TOTAL
2025		99,638,006.00	17,543,594.68	117,181,600.68
Wolfgang Krueger				
Rochelle Diaz				
Rajeev Garg				
Federico G. Noel Jr.				
Karlo Marco P. Estavillo				
Andrew den Oudsten				
Mabel P. Tacorda				
2024		94,682,198.00	13,424,236.92	108,106,434.92
Wolfgang Krueger				
Rochelle Diaz				
Rajeev Garg				
Federico G. Noel, Jr.				
Karlo Marco P. Estavillo				
Andrew den Oudsten				
Mabel P. Tacorda				
2023		89,164,054.20	14,647,893.79	103,811,947.99
Wolfgang Krueger				
Jose Juan Z. Jugo				
Rajeev Garg				
Federico G. Noel Jr.				
Karlo Marco P. Estavillo				
Mabel P. Tacorda				

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 2024.**

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	Percentage
Common	Travel Aim Investment B. V. 25/F Kerry Centre 683 King's Road Quarry Bay, HK	R	Filipino	1,648,869,372	34.61%
Common	Ideal Sites & Properties, Inc.	R	Filipino	1,465,144,627	30.75%
Common	PCD Nominee Corporation (Filipino) G/F, MSE Building 6767 Ayala Avenue Makati City	R	Filipino	1,009,541,771	21.19%

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 1,465,144,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies.

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

(2) Security Ownership of Management **(as of 31 March 2025)**

Title of Class	Name of Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Edward Kuok Khoon Loong	808,008(D)	Malaysian	0.017%
Common	Maureen Alexandra R. Padilla	1(D)	Filipino	0.000%
Common	Wolfgang Krueger	1,440,000(D)	Deutsch	0.030%
Common	Cynthia R. Del Castillo	1(D)	Filipino	0.000%
Common	Benjamin Ivan S. Ramos	2(D)	Filipino	0.000%
Common	Maximo G. Licauco III	1(D)	Filipino	0.000%
Common	Antonio O. Cojuangco	3,026,964(D)	Filipino	0.064%
Common	Dennis Au Hing Lun[4]	1(D)	Malaysian	0.000%

[4] He resigned as member of the Board of Directors effective 28 August 2024.

Common	Cheng Wai Sin[5]	1(D)	Hong Kong Resident	0.000%
Common	Karlo Marco P. Estavillo	5,000(D)	Filipino	0.000%
Common	Maria Rochelle S. Diaz	1,000(D)	Filipino	0.000%

As of the reporting of SEC Form 17-A for 2024, the aggregate ownership of all directors and officers as a group unnamed is **5,280,975** shares or **0.000%** 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 aforenamed.

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

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

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

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

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

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of **31 March 2025 is 34.52%** 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 – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Furnish the information required by Part V of "Annex C, as amended"

[5] She was elected as member of the Board as of 28 August 2024, to replace Mr. Dennis Au Hing Lun and serve as such for the remainder of Mr. Lun's term and until his successor is duly elected and qualified.

(a) The evaluation system established by the company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance;

An internal self-rating system can measure the performance of the Board and Management in accordance with the criteria provided for in the Issuer's Revised Manual on Corporate Governance.

The creation and implementation of such self-rating system, including its salient features, may be disclosed in the corporation's annual report.

(b) Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance;

The internal audit conducts periodic review, of the effectiveness of the Issuer's system and internal controls governing the good corporate governance practice, to assess with the board-approved manual on corporate governance, periodically evaluate and monitor the implementation of policies and strategies, including the business plans, operating budgets and Management's overall performance.

(c) Any deviation from the company's Manual of Corporate Governance. It shall include a disclosure of the name and position of the person/s involved, and the sanction/s imposed on said individual;

None

(d) Any plan to improve corporate governance of the company.

The Issuer periodically reviews its Manual on Corporate Governance to ensure that it meets its objectives.

PART V — 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			

	Description	12-1	17-C	17-Q	17-A
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			
	Description	12-1	17-C	17-Q	17-A
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 2024:

1. **19 March 2024** – Reports that during the regular meeting of the Issuer's Board of Directors held on 19 March 2024, the Board approved the following:

   i) The Issuer will end the services of Rizal Commercial Banking Corporation ("RCBC") through its Stock Transfer Department as the Company's Stock Transfer Agent effective 27 march 2024 and the engagement of RCBC Trust Corporation as the Company's new Stock Transfer Agent effective 27 March 2024, following RCBC's spin-off of its Trust and Investment Group into a Stand-Alone Trust Corporation, pertaining to the RCBC Trust Corporation.

   ii) The Declaration of ₱0.15527 per share cash dividend to all shareholders of record as of 04 April 2024, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 31 December 2023, to be paid on or before 15 April 2024.

iii) Passed resolution to approve the audited financial statements of the Issuer for the year ended 31 December 2023.

2. **23 April 2024 –** Report that the Issuer will hold its Annual Stockholders' Meeting on 18 June 2024 at 10:00 A.M. at the Garden Ballroom, Edsa Shangri-La Hotel, Manila. Record date is set on 19 May 2024.

3. **18 June 2024** – Reports that during the regular meeting of the Issuer's Board of Directors held on 18 June 2024, the following matters were taken up:

   i) Election of Directors

   The following were elected to serve as members of the Board of Directors for the year 2024-2025, namely:

   1) Edward Kuok Khoon Loong
   2) Cynthia R. Del Castillo
   3) Karlo Marco P. Estavillo
   4) Dennis Au Hing Lun
   5) Maureen Alexandra R. Padilla
   6) Wolfgang Krueger
   7) Maria Rochelle S. Diaz
   8) Maximo G. Licauco III – Independent Director
   9) Antonio O. Cojuangco – Independent Director
   10) Benjamin Ivan S. Ramos – Independent Director

   ii) Issuer's Certifying Accountant

   PriceWaterhouseCoopers Philippines was appointed as external auditors for the year **2024-2025**.

   iii) 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)	Maximo G. Licauco III	-	Vice Chairman
3)	Wolfgang Krueger	-	Executive Director
4)	Karlo Marco P. Estavillo	-	Chief Operating Officer
5)	Mabel P. Tacorda	-	Chief Finance Officer
6)	Maria Rochelle S. Diaz	-	Executive Vice President
7)	Andrew Den Oudsten	-	Executive Vice President
8)	Federico G. Noel, Jr.	-	Corporate Secretary

   Audit Committee:

1)	Benjamin Ivan S. Ramos	-	Chairman
2)	Maximo G. Licauco III	-	Member
3)	Cynthia R. Del Castillo	-	Member
4)	Michelle Ching	-	Secretary

   Corporate Governance Committee:

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

4. **28 August 2024** – Report that during the regular meeting of the Issuer's Board of Directors held on 28 August 2024, the following matters were taken up:

   i) Mr. Dennis Au Hing Lun formally resigned as member of the Board of Directors effective 28 August 2024.

ii) Ms. Cheng Wai Sun was elected as member of the Board effective 28 August 2024, to replace Mr. Dennis Au Hing Lun and serve as such for the remainder of Mr. Lun's term and until his successor is duly elected and qualified.

iii) The Declaration of ₱0.13440 per share cash dividend to all shareholders of record as of 16 September 2024, to be taken from the unrestricted retained earnings as reflected in the financial statements of the Issuer as of 30 June 2024, to be paid on or before 26 September 2024.

5. **23 October 2024** – Report that the Issuer has entered into a Deed of Absolute Sale with San Miguel Properties, Inc. (SMPI) on 23 October 2024 for the purchase of SMPI's 100% equity in Rapidshare Realty and Development Corporation (Corporation) at a purchase price of approximately ₱2.5B. Such transaction effectively vests upon the Issuer control and ownership of the Corporation's non-moving business and assets.

Following are the reports, in SEC Form 17-C, which were filed as of 31 March 2025:

1. **12 March 2025** – Report that during the Issuer's Regular Meeting held on 12 March 2025, the following matters were taken up:

   i) The Declaration of ₱0.18260 per share cash dividend to all shareholders of record as of 28 March 2025, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 31 December 2024, to be paid on or before 11 April 2025.

   ii) Approval of the audited financial statements of the Issuer for the year ended 31 December 2024.

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 the APR 1 1 2025 day of April 2025.

By:

KARLO MARCO P. ESTAVILLO
Chief Operating Officer

MABEL P. TACORDA
Chief Financial Officer / Financial Controller

FEDERICO G. NOEL, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of APR 1 1 2025 affiant(s) exhibiting to me their Passports, as follows:

NAMES	GOV'T ISSUED ID	DATE OF ISSUE	PLACE OF ISSUE
MABEL P. TACORDA	P1371742C	19 AUG 2022	DFA MANILA
KARLO MARCO P. ESTAVILLO	P3455986B	07 OCT. 2019	DFA NCR CENTRAL
FEDERICO G. NOEL, JR.	P6098076A	20 FEB. 2018	DFA MANILA

Doc No. 339;
Page No. 69;
Book No. IV;
Series of 2025

DST 2025
25236338

ATTY. KEVIN A. BONAOBRA
Commission No. 0678-25
Notary Public for Mandaluyong City
Until December 31, 2026
Shang Properties, Inc., Level 5 Shangri-La Plaza
EDSA cor. Shaw Boulevard, Mandaluyong City
Roll No. 64345
PTR No. 5712222, 01/06/2025; Mandaluyong City
IBP No. 499122, 01/06/2025; Albay Chapter
MCLE Compliance No. VII-0020270

[i] Unappropriated Retained Earnings, beginning of year/period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding year/period.

[ii] Adjustments related to the relief provided by the SEC and BSP pertain to accounting relief (e.g. losses that are reported on a staggered basis) granted by regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.

[iii] This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and its Implementing Rules and Regulations.

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Sunday, April 13, 2025 2:50:04 PM
To: Elsie Cagalingan <ELSIE.CAGALINGAN@SHANGPROPERTIES.COM>
Cc: Michaela Mensalvas <MICHAELA.MENSALVAS@SHANGPROPERTIES.COM>
Subject: Your BIR AFS eSubmission uploads were received

CAUTION: This email originated from an external source. **Do not click links or open attachments** unless you recognize the sender and know the content is safe.

Hi SHANG PROPERTIES INC.,

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- EAFS000144386AFSTY122024.pdf
- EAFS000144386ITRTY122024.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-CAHH6DBD0NX3TV3PMP4SXTXNS0AB9BEAF9**
Submission Date/Time: **Apr 13, 2025 02:50 PM**
Company TIN: **000-144-386**

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC REGISTRATION NUMBER

1 4 5 4 9 0

COMPANY NAME

SHANG PROPERTIES, INC.

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

ADMINISTRATION OFFICE SHANGRI-LA PLAZA MALL EDSA CORNER SHAW BOULEVARD MANDALUYONG CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.shangproperties.com	8-370-2700	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
5,127	any day in June	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Federico G. Noel, Jr.	bobong.noel@shangproperties.com	8-370-2700	N/A

CONTACT PERSON's ADDRESS

5/F Administration Office, Shangri-La Plaza, Edsa corner Shaw Boulevard, Mandaluyong City

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

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

SHANG
PROPERTIES

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **SHANG PROPERTIES INC**. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

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

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

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

Isla Lipana and Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with the Philippine Standards on Auditing, and in its reports to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Edward Kuok Khoon Loong
Chairman of the Board

Wolfgang Krueger
Executive Director

Mabel P. Tacorda
Chief Financial Officer

Signed this 12th day of March, 2025

SUBSCRIBED AND SWORN to before me, this MAR 12 2025 at MAKATI CITY who exhibited to me his/her competent proof of identity, A5417765E6 issued at HONG KONG, Philippines on 20 MAY 2021.
C4KR66LPV GENERAL KONSULAT HONGKONG 14 JAN 2019
P1371742C DFA MANILA 19 AUG 2022

DOC NO.: 430
PAGE NO.: 86
BOOK NO: 9
SERIES OF 2025

ATTY. PAULINE SHIELA M. MEJES
Notary Public for Makati City
Appointment No. M-26, until Dec. 31, 2026
Roll No. 75120
IBP No. 493779-01/02/2025
PTR No. 1212486-01/02/2025
MCLE Compliance No. VIII-0007423
mejespauline1116@gmail.com/09190980578
... Center, Paseo de Magallanes, Makati City

25221363

SHANG
PROPERTIES

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **SHANG PROPERTIES INC** is responsible for the preparation and fair presentation of the **consolidated** financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of **consolidated** financial statements that are free from material misstatement, whether due to fraud of error.

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

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

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

Isla Lipana and Co., the independent auditors appointed by the stockholders, has audited the **consolidated** financial statements of the Company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Edward Kuok Khoon Long
Chairman of the Board

Wolfgang Krueger
Executive Director

Mabel P. Tacorda
Chief Financial Officer

Signed this 12th day of March, 2025

SUBSCRIBED AND SWORN to before me, this MAR 1 2 2025 at MAKATI CITY who exhibited to me his/her competent proof of identity, A54176556 issued at HONGKONG Philippines on 20 MAY 2021, C4KRG6LPV 14 JAN 2019 GENERAL KONSULAT HONGKONG, P1371742C 19 AUG 2022 DFA MANILA

DOC NO.: 431;
PAGE NO.: 86;
BOOK NO: 9;
SERIES OF 2025.

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Gateway Center, Paseo de Magallanes, Makati City

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SHANG

PROPERTIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The management of **Shang Properties, Inc**. is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2024 and 2023 and the accompanying Annual Income Tax Return as at December 31, 2024 are in accordance with the books and records of **Shang Properties, Inc.** is complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and

(c) **Shang Properties, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippines tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Karlo Marco P. Estavillo
Chief Operating Officer

Mabel P. Tacorda
Chief Finance Officer

Signed this 12th of March, 2025

SECRETARY'S CERTIFICATE

I, **FEDERICO G. NOEL, JR.,** of legal age, Filipino, and with office address at the 5th Level, Shangri-La Plaza, EDSA corner Shaw Boulevard, Mandaluyong City, being the duly elected incumbent Corporate Secretary of **SHANG PROPERTIES, INC.**, a corporation organized and existing under and by virtue of the laws of the Philippines, with principal offices at the address aforestated (the "Corporation"), under oath, do hereby certify that at the Regular Meeting of the Board of Directors of the Corporation held on **12 March 2025**, the following resolutions were unanimously approved and adopted:

> "RESOLVED, that the audited financial statements of **SHANG PROPERTIES, INC.** (the 'Corporation') for the year ended December 31, 2024, inclusive of the Balance Sheet as of December 31, 2024 and the Statements of Income, changes in the Stockholder's Equity and Cash Flows for the year ended December 31, 2024, as audited by the Corporation's independent auditor, *Isla Lipana & Co.*, be, and the same are hereby, noted and approved."

IN WITNESS WHEREOF, I have signed this Secretary's Certificate this 12th day of March 2025 at Mandaluyong City, Metro Manila.

FEDERICO G. NOEL, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY, METRO MANILA) S.S.

MAR 14 2025

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this _____ day of March 2025 by Federico G. Noel, Jr., having satisfactorily proven to me his identity through his Philippine Passport No. P6098076A issued by the Department of Foreign Affairs, Manila on 20 February 2018 and valid until 19 February 2028 and who personally appeared before me and signed the foregoing Secretary's Certificate and acknowledged that he executed the same freely and voluntarily act and deed, that he is acting as the authorized representative of **SHANG PROPERTIES, INC.**, and that he has the authority to sign in such capacity.

Doc. No. 249;
Page No. 51;
Book No. IV;
Series of 2025.

SecCerts: SPI-AFS [031225]
/belle 031225

DOCUMENTARY STAMP NO. 25229347
WAS AFFIXED ON THE ORIGINAL DOCUMENT
AND HAS BEEN CANCELLED TO PREVENT REUSE

ATTY. ARCHIMEDES W. VILLANUEVA
Commission No. 0679-25
Notary Public for and in Mandaluyong City
Until 31 December 2026
Level 5 Shangri-La Plaza, EDSA cor. Shaw Blvd., Mandaluyong City
Roll No. 67435
PTR No. 5702917 / 02 Jan 2025 / Mandaluyong City
IBP Lifetime No. 017379 / 20 May 2017 / RSM Chapter
MCLE Compliance No. VII-0020670 / 06 Jun 2022 / Pasig City

COPY FOR THE

BUREAU OF INTERNAL REVENUE

Independent Auditor's Report

To the Board of Directors and Shareholders of
Shang Properties, Inc.
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City

Report on the Audits of the Separate Financial Statements

Our Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Shang Properties, Inc. (the "Company") as at December 31, 2024 and 2023, and its financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The Company's separate financial statements comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of comprehensive income for the years ended December 31, 2024 and 2023;
- the statements of changes in equity for the years ended December 31, 2024 and 2023;
- the statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the separate financial statements, comprising material accounting policy and other explanatory information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 26 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 3, 2025, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077-2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 19, 2025

Statement Required by Section 8-A
Revenue Regulations No. V-1

To the Board of Directors and Shareholders of
Shang Properties, Inc.
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City

None of the partners of the firm has any financial interest in Shang Properties, Inc. or any family relationships with its president, manager, or shareholders.

The supplementary information on taxes and licenses is presented in Note 26 to the separate financial statements.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 3, 2025, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077-2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 19, 2025

Shang Properties, Inc.

Statements of Financial Position
As at December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	2	441,074,261	148,159,751
Financial assets at fair value through profit or loss	3	1,425,185	2,644,570
Trade and other receivables, net	4	23,341,183,815	18,710,452,660
Properties held for sale, net	5	11,855,279	11,305,000
Prepayments and other current assets	6	38,711,049	42,334,912
Total current assets		23,834,249,589	18,914,896,893
Non-current assets			
Investments and advances	7	17,613,536,100	13,453,835,783
Investment properties	8	18,787,891,547	14,019,681,255
Financial assets at fair value through other comprehensive income, net	9	236,283,642	218,983,642
Property and equipment, net	10	81,272,612	53,950,509
Creditable withholding tax	6	313,289,368	294,408,186
Refundable deposits	11	1,925,582	1,925,582
Total non-current assets		37,034,198,851	28,042,784,957
Total assets		60,868,448,440	46,957,681,850
Liabilities and equity			
Current liabilities			
Accounts payable and other current liabilities	12	2,732,243,730	2,887,262,963
Bank loans	13	11,055,000,000	10,115,000,000
Dividends payable		83,865,757	70,080,485
Total current liabilities		13,871,109,488	13,072,343,448
Non-current liabilities			
Bank loans	13	7,040,000,000	-
Deferred income tax liabilities, net	19	4,448,978,567	3,405,186,480
Retirement benefit liability	18	48,688,632	37,158,987
Deposits from tenants		1,277,886	1,269,161
Total non-current liabilities		11,538,945,085	3,443,614,628
Total liabilities		25,410,054,572	16,515,958,076
Equity			
Share capital	14	4,764,058,982	4,764,058,982
Share premium	14	1,210,073,869	1,210,073,869
Treasury shares	14	(6,850,064)	(6,850,064)
Other comprehensive income	9,14,18	116,791,070	99,864,418
Retained earnings	14	29,374,320,011	24,374,576,569
Total equity		35,458,393,868	30,441,723,774
Total liabilities and equity		60,868,448,440	46,957,681,850

The notes on pages 1 to 39 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Revenue			
Rental	8, 22	371,807,517	346,667,084
Sale of condominium units		-	300,000
	8	371,807,517	346,967,084
Cost of sale and services			
Rental	8	32,490,926	23,396,135
Cost of condominium units sold		-	227,500
	8	32,490,926	23,623,635
Gross profit	8	339,316,591	323,343,449
Operating expenses			
Provision for impairment of receivables	4, 20	751,976,666	-
Staff costs	15	283,731,288	245,918,298
Depreciation and amortization	10	17,273,211	21,771,966
Taxes and licenses		15,080,227	8,262,958
Other general and administrative expenses	16	92,199,484	115,057,111
		1,160,260,876	391,010,333
Other income			
Gain on fair value change of investment properties	8	4,750,418,442	-
Dividend income	20	1,808,632,538	1,455,217,100
Miscellaneous income, net	17	3,049,351	20,411,805
		6,562,100,331	1,475,628,905
Finance income, net			
Interest income	2, 7	79,144,787	93,394,964
Interest expense		(28,451,052)	-
		50,693,735	93,394,964
Share in net income of a joint venture	7	2,526,569,122	2,460,747,135
Income before income tax		8,318,418,903	3,962,104,120
Income tax expense	19	(1,048,146,285)	(4,927,209)
Net income for the year		7,270,272,618	3,957,176,911
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Increase in fair value of equity investments at fair value through other comprehensive income, net of tax	9	14,705,000	14,450,000
Remeasurement of retirement benefit obligation	18	2,221,652	(135,582)
		16,926,652	14,314,418
Total comprehensive income for the year		7,287,199,270	3,971,491,329
Basic and diluted earnings per share	14	1.53	0.83

The notes on pages 1 to 39 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Share capital (Note 14)	Share premium (Note 14)	Treasury shares (Note 14)	Other comprehensive income	Retained earnings (Note 14)	Total equity
Balances at January 1, 2023	4,764,058,982	1,210,073,869	(6,850,064)	85,550,000	21,795,497,000	27,848,329,787
Comprehensive income						
Net income for the year	-	-	-	-	3,957,176,911	3,957,176,911
Other comprehensive income	-	-	-	14,314,418	-	14,314,418
Total comprehensive income	-	-	-	14,314,418	3,957,176,911	3,971,491,329
Transaction with owners						
Cash dividends declared (Note 14)	-	-	-	-	(1,378,097,342)	(1,378,097,342)
Balances at December 31, 2023	4,764,058,982	1,210,073,869	(6,850,064)	99,864,418	24,374,576,569	30,441,723,774
Impact of adoption of accounting for significant financing component	-	-	-	-	(890,855,430)	(890,855,430)
Balances at January 1, 2024	4,764,058,982	1,210,073,869	(6,850,064)	99,864,418	23,483,721,139	29,550,868,344
Comprehensive income						
Net income for the year	-	-	-	-	7,270,272,618	7,270,272,618
Other comprehensive income	-	-	-	16,926,652	-	16,926,652
Total comprehensive income	-	-	-	16,926,652	7,270,272,618	7,287,199,270
Transaction with owners						
Cash dividends declared (Note 14)	-	-	-	-	(1,379,673,746)	(1,379,673,746)
Balances at December 31, 2024	4,764,058,982	1,210,073,869	(6,850,064)	116,791,070	29,374,320,011	35,458,393,868

The notes on pages 1 to 39 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Cash flows from operating activities			
Income before income tax		8,318,418,903	3,962,104,120
Adjustments for:			
Provision for impairment of receivables	4	751,976,666	-
Retirement benefit expense	15,18	50,874,849	21,735,235
Depreciation and amortization	10	17,273,211	21,771,966
Unrealized foreign exchange gain (loss), net	2, 17	2,592,873	(468,341)
Loss on fair value adjustment of financial assets at fair value through profit or loss	3, 17	1,219,385	471,875
Gain on sale of property and equipment		-	(290,902)
Interest income	2, 7	(79,144,787)	(93,394,964)
Dividend income	20	(1,808,632,538)	(1,455,217,100)
Share in net income from a joint venture	7	(2,526,569,122)	(2,460,747,135)
Gain/loss on fair value adjustment change of investment properties	8	(4,750,418,442)	-
Operating loss before working capital changes		(22,409,002)	(4,035,246)
Changes in working capital:			
Trade and other receivables		106,039,489	(109,024,738)
Properties held for sale		-	227,500
Prepayments and other current assets		(22,206,517)	(41,803,324)
Refundable deposits		-	(1,078,041)
Accounts payable and other current liabilities		(150,340,665)	72,812,712
Cash absorbed by operations		(88,916,695)	(82,901,137)
Interest received		79,144,787	93,394,964
Retirement contribution	15, 18	(41,793,395)	-
Net cash (used in) provided by operating activities		(51,565,303)	10,493,827
Cash flows from investing activities			
Dividends received	20	1,808,632,538	1,455,217,100
Increase in investments and advances		(5,488,747,310)	(3,345,429,044)
Payments from acquisition of subsidiary		(2,523,986,625)	-
Additions to:			
Investment properties	8	(18,342,129)	(44,193,125)
Property and equipment	10	(44,595,314)	(27,089,394)
Proceeds from sale of property and equipment		-	735,841
Net cash used in investing activities		(6,267,038,840)	(1,960,758,622)
Cash flows from financing activities			
Availment of loan	13	8,740,000,000	3,175,000,000
Loan payments	13	(760,000,000)	-
Payments of cash dividends	14	(1,365,888,474)	(1,369,184,258)
Net cash provided by financing activities		6,614,111,526	1,805,815,742
Net increase (decrease) in cash and cash equivalents		295,507,383	(144,449,053)
Cash and cash equivalents as at January 1		148,159,751	292,140,463
Effects of exchange rate changes on cash and cash equivalents	2, 17	(2,592,873)	468,341
Cash and cash equivalents as at December 31	2	441,074,261	148,159,751

The notes on pages 1 to 39 are integral part of these separate financial statements.

Shang Properties, Inc.

Notes to the Separate Financial Statements
As at and for the years ended December 31, 2024 and 2023
(In the notes, all amounts are shown in Philippine Peso, unless otherwise stated)

1 General information

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

The Company is the owner of the land being leased out to a related party that operates the main building and main-wing parking building of Shangri-La Plaza Mall in Mandaluyong City. It also owns the carpark building located in the north wing of the same mall in Mandaluyong City also being leased out to another related party.

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

The Company has its primary listing on the Philippine Stock Exchange (PSE). It was registered on June 13, 1991 with total listed shares of 4,764,058,982, which was initially issued at P2.54 per share. As at December 31, 2024, the Company has 5,127 shareholders (2023 - 5,127). The details of the Company's shareholders are disclosed in the annual report.

The financial statements have been approved and authorized for issue in accordance with a resolution of the Board of Directors (the "Board") on March 12, 2025. There are no subsequent events from the date of the approval of these financial statements up to March 19, 2025.

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2024	2023
Cash on hand	283,262	218,264
Cash in banks	170,103,467	92,645,984
Cash equivalents	270,687,532	55,295,503
	441,074,261	148,159,751

For the purpose of presentation in the statements of cash flows, cash equivalents include short-term, highly liquid investments (e.g., time deposit placements) with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

Cash in banks and cash equivalents earn interest at prevailing market rates. Total interest income earned and interest receivable for the year ended and as at December 31, 2024 amounted to P3,997,550 and P55,180, respectively (2023 - P1,513,346 and P8,602, respectively) (Note 4).

Cash and cash equivalents include bank deposits denominated in US Dollar as follows:

	Note	2024	2023
US Dollar amount		409,930	226,570
Exchange rate per US Dollar		58.014	55.567
Translated amount in Philippine Peso		23,781,679	12,589,815
Unrealized foreign exchange (loss) gain	17	(2,592,873)	468,341

3 Financial assets at fair value through profit or loss

The account represents shares of stock of various publicly listed companies based on current bid prices in an active market (Level 1 valuation). Movements in the account for the years ended December 31 are as follows:

	Note	2024	2023
January 1		2,644,570	3,116,445
Loss on fair value adjustments (included in Miscellaneous income)	17	(1,219,385)	(471,875)
December 31		1,425,185	2,644,570

4 Trade and other receivables, net

Trade and other receivables, net, as at December 31 consist of:

	Notes	2024	2023
Trade			
Rental - related parties	20	57,696,794	167,172,585
Rental - third parties		-	1,414,035
Others		-	(5,957,615)
Non-trade			
Receivables from related parties	20	24,035,045,275	18,546,297,965
Advances to officers and employees		-	742,274
Interest	2	55,180	8,602
Others		363,232	774,814
		24,093,160,481	18,710,452,660
Allowance for impairment of non-trade receivables	20	751,976,666	-
		23,341,183,815	18,710,452,660

All receivables are expected to be collected within 12 months (current). They are carried at amortized cost which approximates fair value as of reporting date.

Trade receivables

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

Receivables from related parties

Receivables from related parties comprise mainly advances for operating capital requirements or expenses paid by the Company on behalf of the related parties. Further information on this account is disclosed in Note 20.

Advances to officers and employees

This account represents noninterest-bearing cash advances that are settled via payroll deduction or expense liquidation.

Other non-trade receivables

These pertain to advances to suppliers and contractors, receivables from a government agency and the retirement fund. The carrying amounts of the Company's trade and other receivables are all denominated in Philippine Peso.

Allowance for impairment of non-trade receivables

In 2024, the Company recognized a total provision for impairment of P751,976,666 which pertains to cash advances to related parties (Note 20).

5 Properties held for sale

Properties held for sale consist of condominium units for sale in the ordinary course of business. Movements in properties held for sale for the years ended December 31 are as follows:

	Note	2024	2023
January 1		11,305,000	-
Recognized cost of condominium units sold		-	(227,500)
Transfer from investment properties	8	550,279	11,532,500
December 31		11,855,279	11,305,000

Properties held for sale are stated at cost and no allowance for write-down is provided as at reporting date.

6 Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of:

	2024	2023
Input VAT	4,227,896	8,414,091
Prepaid expenses	34,483,153	33,920,821
	38,711,049	42,334,912
Creditable withholding tax, non-current	313,289,368	294,408,186

Prepaid expenses pertain to membership fees and dues, subscriptions and insurance.

7 Investments and advances

Investments and advances at December 31 consist of:

	Ownership %		Amount	
	2024	2023	2024	2023
Subsidiaries:				
Property development:				
Shang Properties Realty Corporation (SPRC)	100	100	950,036,621	950,036,621
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	850,500,000	850,500,000
Shang Property Developers, Inc. (SPDI)	100	100	5,000,000	5,000,000
SPI Land Development, Inc.	100	100	1,000,000	1,000,000
SPI Property Developers, Inc.	100	100	1,000,000	1,000,000
SPI Property Holdings, Inc.	100	100	1,000,000	1,000,000
Rapidshare Realty and Development Corporation (RRDC)	100	-	2,526,268,000	-
Leasing:				
KSA Realty Corporation (KSA)	70	70	4,333,249,902	4,333,249,902
Shangri-la Plaza Corporation (SLPC)	100	100	699,882,830	699,882,830
SPI Parking Services, Inc. (SPSI)	100	100	250,000	250,000
Real estate:				
KPPI Realty Corporation (KRC)	100	100	125,000,000	125,000,000
New Contour Realty, Inc. (NCRI)	100	100	50,000	50,000
Perfect Sites, Inc. (PSI)	100	100	250,000	250,000
Ivory Post Properties, Inc. (IPPI)	100	100	250,000	250,000
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	500,000	500,000
Shang Global City Holdings, Inc. (SGCHI)	100	100	500,000	500,000
Martin B Properties, Inc. (MBPI)	100	100	400,000	400,000
Property management:				
KPPI Management Services Corporation (KMSC)	100	100	1,000,000	1,000,000
Shang Property Management Services, Inc. (SPMSI)	100	100	50,000	50,000
Other supplementary business:				
Gipsey, Ltd. (Gipsey)	100	100	2,095,810,078	2,095,810,078
EPHI Logistics Holdings, Inc. (ELHI)	60	60	900,000	900,000
Guidebo Properties, Inc.	100	100	62,500	62,500
Laguna Hills Property Ventures, Inc.	100	100	62,500	62,500
			11,593,022,431	9,066,754,431
Immaterial Associate:				
Real estate:				
Ideal Sites and Properties, Inc. (ISPI)	40	40	250,000	250,000
Joint venture:				
Real estate:				
Shang Robinsons Properties, Inc. (SRPI)	50	50	7,262,302,352	5,628,870,034
Deposits for future share subscription, and advances to subsidiaries, associate, and joint venture			291,469,003	291,469,003
			19,147,043,785	14,987,343,468
Allowance for impairment losses			(1,533,507,685)	(1,533,507,685)
			17,613,536,100	13,453,835,783

The following subsidiaries and associates are owned through acquisition of shares of stock:

(a) The Rise Development Company, Inc. (TRDCI) - A wholly owned subsidiary of KRC.
(b) Silver Hero Investments Limited (SHIL) - A wholly owned subsidiary of Gipsey.
(c) Shang Global City Properties, Inc. (SGCPI) - 59.4% owned by SGCHI and 0.6% owned by SFBHI. Both SGCHI and SFBHI are wholly owned subsidiaries of the Company.
(d) Sky Leisure Properties, Inc. (SLPI) - A wholly owned subsidiary of PSI.

On October 23, 2024, The Company acquired, for a total consideration of P2.53 billion, 100% of the issued share capital of RapidShare Realty and Development Corporation (RRDC), a company primarily engaged in the development, sale, and lease of real estate properties.

Except for Gipsey and Silver Hero Investments Limited (SHIL), which were incorporated in the British Virgin Islands (BVI) and use Hong Kong Dollar (HK$) as their functional currency, all the other subsidiaries were incorporated and registered in the Philippines which use Philippine Peso as their functional currency.

The Company takes effective and absolute control over key decisions, operating strategies, and key policies of KSA, SGCPI, and ELHI. In compliance with the provisions of PAS 27, *Consolidated and Separate Financial Statements*, investments in subsidiaries, associate and joint venture are accounted for using the cost method in these separate financial statements.

There has been no movement in the allowance for impairment losses as at December 31, 2024 and 2023.

There are no significant restrictions on the ability of the subsidiaries and associates to transfer cash assets, pay dividends or pay advances to the Company and between subsidiaries.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the year ended December 31, 2024 are as follows:

	KSA	SGCPI
Total current assets	210,052,506	1,799,591,582
Total non-current assets	10,666,334,790	6,983,466,125
Total assets	10,876,387,296	8,783,057,707
Total current liabilities	317,106,255	1,463,398,387
Total non-current liabilities	2,431,614,896	161,974,273
Total liabilities	2,748,721,151	1,625,372,660
Net assets	8,127,666,145	7,157,685,047
Non-controlling interest share in net assets	2,435,048,777	2,863,074,019

Revenue	913,290,344	4,519,414,156
Cost and expenses	(132,977,596)	(3,123,945,473)
Other income	12,887,297	9,288,097
Income before provision for income tax	793,200,045	1,404,756,780
Income tax expense	(146,953,287)	(351,112,048)
Net income for the year	646,246,758	1,053,644,732
Other comprehensive income	(416,510)	(1,376,198)
Total comprehensive income for the year	645,830,248	1,052,268,534
Non-controlling interest share in total comprehensive income for the year	193,490,742	420,907,414

	KSA	SGCPI
Cash flows provided by (used in):		
Operating activities	657,649,740	910,887,000
Investing activities	(1,719,338)	(63,093,000)
Financing activities	(660,000,000)	(3,358,000)

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the year ended December 31, 2023 are as follows:

	KSA	SGCPI
Total current assets	200,260,444	977,511,429
Total non-current assets	10,664,177,289	7,412,524,939
Total assets	10,864,437,733	8,390,036,368
Total current liabilities	360,020,167	862,885,653
Total non-current liabilities	2,362,581,670	131,734,204
Total liabilities	2,722,601,837	994,619,857
Net assets	8,141,835,896	7,395,416,511
Non-controlling interest share in net assets	2,439,294,034	2,958,166,604

Revenue	904,132,802	4,203,091,529
Cost and expenses	(141,255,420)	(2,991,978,751)
Other income	2,647,758	112,674,079
Income before provision for income tax	765,525,140	1,323,786,857
Income tax expense	(141,574,842)	(333,273,600)
Net income for the year	623,950,298	990,513,257
Other comprehensive income	-	(5,703,645)
Total comprehensive income for the year	623,950,298	984,809,612
Non-controlling interest share in total comprehensive income for the year	186,935,509	393,923,845

	KSA	SGCPI
Cash flows provided by (used in):		
Operating activities	626,656,102	1,550,802,533
Investing activities	(260,992)	136,925,592
Financing activities	(624,000,000)	(1,402,777,835)

Investment in and advances to a joint venture

On March 22, 2018, the Company entered into a Joint Venture Agreement (the “Agreement”) with Robinsons Land Corporation (RLC) for the construction and development of a property into a mixed-use condominium project (known as Aurelia Residences). Within two (2) months from the effective date of the Agreement, the parties shall establish the joint venture company (“JVC”) and shall execute the Articles and By-Laws of the JVC. On May 23, 2018, the SEC approved the Certificate of Incorporation of the JVC, Shang Robinsons Properties, Inc. (SRPI). SRPI is jointly controlled by the Company and RLC, each holding 50% interest.

The registered office address of SRPI, which is also its principal place of business, is at Cyber Sigma, Lawton Avenue, Taguig City.

The authorized capital stock of SRPI is P3 billion divided into 3 billion common shares with par value of P1 per share. On April 19, 2018, the Company subscribed and paid in full the amount of P1 billion equivalent to 1 billion common shares at P1 per share.

SRPI is engaged in: (i) the business of developing a property into a mixed-use development, and (ii) the marketing and sale of the residential condominium units in the project.

SRPI launched Aurelia Residences, it's first project, in 2019 and had since then presold 90% of its condominium units. As at December 31, 2024, the Aurelia Residences Project is 89% complete (2023 - 65%). In 2020, the Parent Company and RLC entered into another joint venture agreement to develop a parcel of land located at the Bridgetowne Estate in Pasig City. The project (known as Haraya Residences) was launched in 2023. As of December 31, 2024 Haraya Residences - South Tower is 75% sold out and 20% completed (2023 - 7%) while the North Tower is 19% completed.

In 2024, the Group's share in net income of the joint venture amounted to P2.5 billion (2023 - P2.5 billion; 2022 - P1.4 billion).

In 2019, advances amounting to P1 billion were extended to SRPI by the Company. These advances matured on April 1, 2023 and bear interest at a rate of 4%. However, the advances were partially collected in 2023 amounting to P750 million. The remaining balance has been agreed to be collectible at a future date to be agreed upon by both parties.

In 2021, an additional P1.59 billion advances was extended to SRPI with the same interest rate, as indicated above.

Interest income earned from these advances amounted to P75.1 million in 2024 (2023 - P91.9 million).

Summarized financial information of the JVC as at and for the years ended December 31 are presented below:

	2024	2023
Cash and cash equivalents	241,383,068	676,345,427
Other current assets	15,642,792,963	12,309,275,616
Current assets	15,884,176,031	12,985,621,043
Non-current assets	7,174,495,362	8,977,185,850
Total assets	23,058,671,393	21,962,806,893
Financial liabilities (excluding trade payables)	2,172,357,476	3,082,749,608
Other current liabilities	406,058,880	433,067,107
Current liabilities	2,578,416,356	3,515,816,715
Financial liabilities (excluding trade payables)	3,781,692,808	5,988,278,742
Other current liabilities	2,300,198,099	1,331,774,691
Non-current liabilities	6,081,890,907	7,320,053,433
Total liabilities	8,660,307,263	10,835,870,148
Net assets	14,398,364,129	11,126,936,745
Revenue	10,799,033,440	10,809,146,116
Depreciation and amortization	1,567,870	832,596
Interest income	800,078,916	-
Interest expense	(200,515,436)	-
Income tax expense	(1,302,286,239)	(1,355,003,119)
Net income for the year	5,053,138,244	4,921,494,270
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,053,138,244	4,921,494,270

The reconciliation of SRPI's net assets multiplied by the ownership interest and the carrying amount of each investment as at December 31, are shown in the table below:

	2024	2023
Net assets	14,398,364,129	11,126,936,745
Effective ownership interest	50%	50%
	7,199,182,064	5,563,468,371
Additional investments	63,120,288	65,401,663
	7,262,302,352	5,628,870,034

Critical accounting judgment - Recoverability of investment and advances

The Company's investments and advances are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

The company recognizes an allowance for impairment losses on its investments and advances amounting to P1,533,507,685 as at December 31, 2024 and 2023. No additional allowance for impairment recognized during the reporting period since management believes that the remaining carrying amount of its investments and advances are fully recoverable.

Significant accounting judgment - joint control assessment

Management has assessed that in the joint venture agreement, the contractual arrangement gives the investors control of the arrangement collectively, and decisions about the relevant activities require the unanimous consent of both entities, and therefore, joint control exists. Furthermore, the rights and obligations considering the structure and legal form of the arrangement indicates that the Company has rights to the net assets of SRPI and therefore, the arrangement is classified as a joint venture.

8 Investment properties

This account consists of properties that are either held for capital appreciation or for rental purposes or both. The Company's investment properties are carried at fair value.

Details of investment properties as at December 31 and their movements during the years are as follows:

	Note	Land	Building	Total
January 1, 2023		13,217,221,203	769,799,427	13,987,020,630
Capitalized subsequent expenditure		-	16,537,264	16,537,264
Construction in Progress		-	27,655,861	27,655,861
Transfers due to change in use to properties held for sale	5	-	(11,532,500)	(11,532,500)
December 31, 2023		13,217,221,203	802,460,052	14,019,681,255
Capitalized subsequent expenditure		-	17,726,939	17,726,939
Construction in Progress		-	615,190	615,190
Transfers due to change in use to properties held for sale	5	-	(550,279)	(550,279)
Fair value gain		4,750,418,442	-	4,750,418,442
December 31, 2024		17,967,639,645	820,251,902	18,787,891,547

The Company's investment properties in 2024 and 2023 consist of parcels of land, carpark building and condominium units. The land and carpark building are being leased out to subsidiaries and third parties.

As at December 31, 2024 and 2023, the fair values of the properties are based on valuations performed by an independent external appraiser engaged by the management. The valuation models are in accordance with that recommended by the International Valuation Standards Committee.

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

The current use of these properties is their highest and best use.

The amounts recognized in the statements of comprehensive income for investment properties for the years ended December 31 are as follows:

	2024	2023
Rental revenue	371,807,517	346,667,084
Direct operating expenses	(32,490,926)	(23,396,135)
Profit arising from investment properties carried at fair value	339,316,591	323,270,949

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

There is no restriction on the Company's title on investment properties. Please refer to Note 13 for restrictions imposed on investment properties of the Company in relation to its long-term loan facility. There are no other restrictions imposed on the Company's property and equipment.

Critical accounting estimate - Determination of fair values of investment properties

Information on the fair value of investment property as at December 31 as to hierarchy is as follows:

	2024		
Fair value of hierarchy	Land	Buildings	Total
Level 2	9,947,463,325	820,251,902	10,767,715,227
Level 3	8,020,176,320	-	8,020,176,320
Total	17,967,639,645	820,251,902	18,787,891,547
	2023		
Fair value of hierarchy	Land	Buildings	Total
Level 2	7,345,847,303	802,460,052	8,148,307,355
Level 3	5,871,373,900	-	5,871,373,900
Total	13,217,221,203	802,460,052	14,019,681,255

(a) Fair value of condominium units and other properties (Level 2)

The fair values of the Company's condominium units are determined using the market comparison approach (Level 2). Under the market comparison approach, a property's fair value is estimated based on comparable transactions adjusted for bargaining allowance, marketability, location, size and terrain. The market comparison approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. For sensitivity analysis purposes, any +/- 1% change in market rental value per square meter would increase/decrease total assets and pre-tax income by P108 million (2023 - P81 million).

(b) Fair value of retail and office spaces (Level 3)

The following table presents the valuation techniques and unobservable key inputs used to value the Company's land property:

Property	Fair value as at December 31, 2024	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Land where the main wing and east wing of Shangri-La Plaza mall is located	P8,020,176,320	Direct income capitalization	Rental value Occupancy rate	P1,520 per square meter 97.5%	The higher the rental value and occupancy rate, the higher the fair value.
			Expense-revenue ratio Discount rate	17% 8.855%	The higher the expense-revenue ratio and discount rate, the lower the fair value.

Property	Fair value as at December 31, 2023	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Land where the main wing and east wing of Shangri-La Plaza mall is located	P5,871,373,900	Direct income capitalization	Rental value Occupancy rate	P1,700 per square meter 96%	The higher the rental value and occupancy rate, the higher the fair value.
			Expense-revenue ratio Discount rate	23% 12%	The higher the expense-revenue ratio and discount rate, the lower the fair value.

The fair value of the land property where the Shangri-La Plaza mall is located is calculated using the direct income capitalization approach (Level 3). In applying the direct income capitalization approach, the stabilized net operating income (NOI) of each property is divided by an appropriate capitalization rate. Stabilized NOI is computed at revenue less property operating expenses adjusted for items such as average lease up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items. Discount rate is based on actual location, size and quality of the property and taking into account any available market data at the valuation date.

Generally, an increase in stabilized NOI will result in an increase in the fair value of an investment property. An increase in the discount rate will result in a decrease in the fair value of an investment property. The discount rate magnifies the effect of a change in stabilized NOI, with a lower discount rate resulting in a greater impact of a change in stabilized NOI than a higher discount rate.

The following are the significant unobservable inputs:

- Rental value average rental rate per square meter paid by tenants based on the asking price in the market;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Occupancy rate based on current and expected future market conditions after expiry of any current lease; and
- Expense - revenue ratio total direct operating expenses for the entire property based on budget.

For sensitivity analysis purposes, any +/- 1% change in market rental value per square meter would increase/decrease total assets and pre-tax income by P80 million (2023 - P59 million).

Critical accounting judgments

(a) Distinction between properties held for sale, investment properties, and property and equipment

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

- Properties held for sale comprise properties that are held for sale in the ordinary course of business. These are condominium units that the Company acquired or developed and intends to sell.
- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Company, but are held primarily to earn rental income or capital appreciation; and
- Property and equipment generate cash flows that are attributable not only to the property but also to the other assets used in the operations of the Company.

In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by the Company.

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

During 2024, properties that were previously used to earn rental income were reclassified as properties held for sale amounting to P0.55 million (2023 - P11.5 million).

(b) Classification of leases as operating lease

The Company (as a lessor) has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

The carrying values of investment properties as at December 31, 2024 and 2023 are disclosed in the previous table.

9 Financial assets at fair value through other comprehensive income, net

Financial assets at fair value through other comprehensive income (FVOCI), net at December 31, consist of:

	2024	2023
Unquoted securities	78,349,278	78,349,278
Quoted securities	7,551,515	7,551,515
Acquisition cost	85,900,793	85,900,793
Cumulative changes in fair value	150,382,849	133,082,849
Fair value	236,283,642	218,983,642

Unquoted equity securities include unlisted shares of stock, which are measured at fair value. The fair values of the unquoted equity securities are based on the net asset value of the underlying assets of investee companies which are mainly investment properties consisting of land and buildings measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3.

The quoted equity securities consist of investments in various golf club shares and stocks. These are carried at fair values which are based on the quoted market prices (Level 1) as at the reporting date.

The cumulative changes in fair values of unquoted and quoted equity shares are presented as part of other comprehensive income in the statements of financial position.

The movements in the cumulative changes in fair value recognized as other comprehensive income in the statement of financial position for the years ended December 31 are as follows:

	2024	2023
January 1	114,241,848	99,791,848
Gain on fair value adjustment	17,300,000	17,000,000
	131,541,848	116,791,848
Deferred income tax effect	(2,595,000)	(2,550,000)
December 31	128,946,848	114,241,848

10 Property and equipment, net

Details of property and equipment, net, as at December 31 and their movements during the years are as follows:

	Building improvements	Leasehold improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost					
January 1, 2023	44,137,609	76,783,399	47,828,861	56,193,684	224,943,553
Additions	-	-	10,629,714	16,459,680	27,089,394
Disposals	-	-	(2,053,571)	-	(2,053,571)
December 31, 2023	44,137,609	76,783,399	56,405,004	72,653,364	249,979,376
Additions	9,249,197	-	13,754,071	21,592,046	44,595,314
December 31, 2024	53,386,806	76,783,399	70,159,075	94,245,410	294,574,690
Accumulated depreciation					
January 1, 2023	25,259,303	61,637,292	39,890,004	49,078,933	175,865,532
Depreciation	1,310,354	9,565,854	3,623,600	7,272,158	21,771,966
Disposals	-	-	(1,608,631)	-	(1,608,631)
December 31, 2023	26,569,657	71,203,146	41,904,973	56,351,091	196,028,867
Depreciation	1,310,354	2,244,965	6,406,177	7,311,715	17,273,211
December 31, 2024	27,880,011	73,448,111	48,311,150	63,662,806	213,302,078
Net book values at					
December 31, 2023	17,567,952	5,580,253	14,500,031	16,302,273	53,950,509
December 31, 2024	25,506,795	3,335,288	21,847,925	30,582,604	81,272,612

Critical accounting estimate - Useful lives of property and equipment

The useful life of each item of the Company’s property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimate is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease non-current assets. In 2024 and 2023, there were no changes in the estimated useful lives of property and equipment.

Critical accounting judgment - Impairment of non-financial assets

The Company reviews its non-financial assets for any indicator of impairment in value. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Company determines the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and value in use.

Given historical profitable operations and profit projections, the Company has assessed that there are no impairment indicators with respect to the non-financial assets as at December 31, 2024 and 2023.

11 Refundable deposits

Refundable deposits are cash paid by the Company as deposits to utility companies which are expected to be returned after a specified period, or when certain conditions are satisfied.

12 Accounts payable and other current liabilities

Accounts payable and other current liabilities as at December 31 consist of:

	Note	2024	2023
Financial liabilities			
Accounts payable		47,302,985	48,802,870
Accrued expenses		106,774,103	123,632,254
Payable to contractors and suppliers		250,000	250,000
Payable to related parties	20	2,530,113,579	2,647,162,823
Others		7,398,953	24,243,474
Non-financial liabilities			
Retention payables to contractors		8,962,269	10,240,248
Payable to regulatory agencies		15,851,985	16,239,608
Unearned rental income		2,796,921	7,187,864
Output value added tax (VAT)		12,792,935	9,503,822
		2,732,243,730	2,887,262,963

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

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

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

Accrued expenses consist of accruals for advertising and promotions, insurance, other employee benefit related cost and other general and administrative expenses. Others pertain mainly to taxes, insurance and statutory contributions payable to Social Security System ("SSS"), Home Development Mutual Fund ("HDMF") and Philippine Health Insurance Corporation ("Philhealth").

13 Bank loans

Bank loans as of December 31 consist of unsecured short-term and long-term loans as follows:

	2024	2023
Current	10,115,000,000	6,940,000,000
Additions	8,740,000,000	3,175,000,000
Payments	(760,000,000)	-
December 31	18,095,000,000	10,115,000,000
Current	11,055,000,000	10,115,000,000
Non-current	7,040,000,000	-
	18,095,000,000	10,115,000,000

The repayments of the above bank loans are scheduled as follows:

Year	2024	2023
2024	-	10,115,000,000
2025	11,055,000,000	-
2029	70,400,000	-
2030	70,400,000	-
2031	70,400,000	-
2032	70,400,000	-
2033	70,400,000	-
2034	6,688,000,000	-
	18,095,000,000	10,115,000,000

These are composed of unsecured short-term and long-term loans from various banks with interest rates ranging from 6.0% to 6.5% (2023 - 6.0% to 6.4%). The short-term loans have payment terms of 3 to 12 months (2023 - 3 to 12 months).

On August 28, 2024, the Company and the Bank of the Philippine Islands (BPI) entered into a loan agreement wherein BPI agreed to provide a ten-year term loan with principal amount not exceeding P15 billion to finance construction and development costs, capital expenditures, refinancing of existing debts and other general corporate purposes. The applicable interest rates are either the floating interest rate or the fixed interest rate, to be applied to each drawdown at the option of the Company.

As of December 31, 2024, the total cumulative amount of drawdown amounts to P7.04 billion.

Under the terms of the borrowing facility with BPI, the Company is required to comply with the financial covenant of maintaining its debt-to-tangible net worth ratio below 3:1. This is calculated by dividing the carrying amount of bank loans with the total assets less intangible assets and total liabilities in the statement of financial position. The Company has complied with this covenant throughout the reporting period.

14 Equity

(a) Share capital, share premium and treasury shares

Details of share capital and share premium at December 31, 2024 and 2023 are as follows:

	Shares	Amount
Authorized, at P1 par value per share		
Common shares	8,000,000,000	8,000,000,000
Issued and outstanding shares		
Common shares	4,764,058,982	4,764,058,982
Share premium		1,210,073,869
	4,764,058,982	5,974,132,851

In 2007, the Company repurchased 2,140,645 common shares at a price of P3.20 per share or a total of P6,850,064 and the amount is presented as treasury shares in the statements of financial position.

(b) Retained earnings

As at December 31, 2024, total unrestricted retained earnings amounted to P29,374,320,011 (2023 - P24,374,576,569). The Company's unrestricted retained earnings exceeded its share capital by P23,400,187,160 (2023 - P18,400,443,718). The excess retained earnings include accumulated fair value gain of P13,430,872,699 (2023 - P9,868,058,867) which are not considered available for dividend declaration. The management of the Company plans to use the excess retained earnings to support the Company's working capital requirements, planned business growth and expansion strategies. Further the Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008.

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

Date of declaration	Shareholders of record as at	Payment date	Total	Per share
2025 (subsequent event)				
March 12, 2025	March 28, 2025	April 11, 2025	869,916,678	0.183
2024				
August 28, 2024	September 16, 2024	September 26, 2024	640,289,161	0.134
March 19, 2024	April 4, 2024	April 15, 2024	739,384,585	0.155
			1,379,673,746	
2023				
March 22, 2023	April 11, 2023	April 21, 2023	738,097,342	0.155
August 17, 2023	September 8, 2023	September 22, 2023	640,000,000	0.134
			1,378,097,342	
2022				
March 24, 2022	April 8, 2022	April 20, 2022	333,234,605	0.070
August 31, 2022	September 15, 2022	September 27, 2022	452,382,163	0.095
			785,616,768	

Dividends paid in 2024 amount to P1,365,888,474 (2023 - P1,369,184,258).

(c) Other comprehensive income

	Cumulative changes in fair value of FVOCI (Note 9)	Remeasurement of retirement benefit (Note 18)	Total comprehensive income
Balances at January 1, 2023	99,791,848	(14,241,848)	85,550,000
Other comprehensive income	14,450,000	(135,582)	14,314,418
Balances at December 31, 2023	114,241,848	(14,377,430)	99,864,418
Other comprehensive income	14,705,000	2,221,652	16,926,652
Balances at December 31, 2024	128,946,848	(12,155,778)	116,791,070

(d) Earnings per share

Basic and diluted earnings per share, which are the same due to absence of dilutive potential common shares, for the years ended December 31 are as follows:

	2024	2023
Net income for the year	7,270,272,618	3,957,176,911
Weighted average number of shares outstanding	4,764,058,982	4,764,058,982
Earnings per share	1.53	0.83

Capital management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Company's strategies and policies during 2024 and 2023.

The Company monitors capital using a gearing ratio, which is net debt, computed as loans less cash and cash equivalents, divided by capital. Capital pertains to total equity. The gearing ratio as at December 31 is presented below:

	2024	2023
Net debt		
Bank loans	18,095,000,000	10,115,000,000
Less: Cash and cash equivalents	441,074,261	148,159,751
	17,653,925,739	9,966,840,249
Total equity	35,458,393,868	30,441,723,774
Gearing ratio	50%	33%

Under the terms of its borrowing facility with BPI, the Company is required to comply with certain financial covenants (Note 13).

15 Staff costs

The components of staff costs for the years ended December 31 are as follows:

	Note	2024	2023
Salaries and wages		187,118,906	190,406,016
Retirement benefit expense	18	50,874,849	21,735,235
Employee benefits		37,499,009	27,406,780
Others		8,238,524	6,370,267
		283,731,288	245,918,298

16 Other general and administrative expenses

The components of other general and administrative expenses for the years ended December 31 are as follows:

	Note	2024	2023
Advertisement and promotion		21,739,460	36,931,024
Professional fees		15,518,325	20,612,258
Repairs and maintenance		14,194,504	11,279,598
Janitorial, security and other services		5,551,780	5,219,303
Rent	22	4,813,262	5,075,952
Transportation and travel		4,174,593	7,792,633
Insurance		4,093,658	3,009,097
Utilities		3,574,113	7,960,503
Membership fees and dues		3,252,025	2,301,744
Telephone and communication		2,578,438	2,704,551
Entertainment, amusement and recreation		2,351,541	2,719,728
Supplies		2,187,489	1,966,798
Condominium dues		1,316,375	2,385,406
Reproduction charges		1,287,442	543,369
Recovery of doubtful accounts		-	(156,757)
Others		5,566,479	4,711,903
		92,199,484	115,057,111

17 Miscellaneous income

The components of this account for the years ended December 31 are as follows:

	Notes	2024	2023
Gain on sale of property and equipment		200,645	290,902
Bank charges		(813,407)	(711,108)
Write back of long outstanding liability		-	13,048,529
Loss on fair value adjustments of financial assets at FVTPL	3	(1,219,385)	(471,875)
Foreign exchange (loss) gain, net	2	(2,592,873)	468,341
Others		7,474,371	7,787,016
		3,049,351	20,411,805

18 Retirement benefit liability

The Company has a funded, noncontributory defined benefit plan, providing death, disability and retirement benefits for all of its regular employees. Under the plan, the normal retirement age is 60 years old and completion of at least five years of service. Normal retirement benefit consists of a lump sum benefit equivalent to 125% of the employee's final pay for every year of service.

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

The retirement benefit obligation is determined using the “Projected Unit Credit Cost” (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The actuarial present value of the retirement benefit obligation under the plan is measured in terms of actuarial assumptions for discount rate, salary increases, retirement rates and mortality using the 2017 Philippine Intercompany Mortality Table. The discount rates used is a single weighted average rate based on rates as published in the Bankers Association of the Philippines Peso Bloomberg Valuation (PHP BVAL) at various tenors as at December 31, 2024. Rate for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate.

The plan typically exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan's investments are in the form of investments in debt instruments and cash deposits to universal and commercial banks. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets is invested in investments in debt instruments and cash deposits to universal and commercial banks.

b) Interest rate risk

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using single weighted average rate based on PHP-BVAL rates. A decrease in rate will increase the defined benefit obligation. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Company. However, the Company believes that due to the long-term nature of the pension benefit obligation, the investment holdings of the plan is an appropriate element of the Company’s long-term strategy to manage the plan efficiently.

c) Longevity risk

The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

d) Salary risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

Management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Company's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plan.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Company's plan assets consist of investment in debt and equity instruments, money market deposits and trust funds, and cash in banks. The Company believes that equities offer the best returns over the long term with an acceptable level of risk.

The actuarial valuation of the Company's retirement plan was performed by an independent actuary. The latest actuarial valuation report prepared was for the year ended December 31, 2024. The principal assumptions used by the actuary for the years ended December 31 are as follows:

	2024	2023
Discount rate	5.82%	6.06%
Salary increase rate	5.00%	5.00%

The amounts of retirement benefit liability recognized in the statements of financial position are determined as follows:

	2024	2023
Present value of defined benefit obligation	179,154,727	130,907,633
Fair value of plan assets	(130,466,095)	(93,748,646)
Retirement benefit liability	48,688,632	37,158,987

The components of retirement expense for the years ended December 31 recognized in the statements of comprehensive income are as follows:

	Note	2024	2023
Current service cost		21,173,357	20,958,085
Past service cost		40,456,729	-
Net released obligation due to employee transfers		(14,039,007)	-
Net interest cost		3,283,770	777,150
Retirement benefit expense	15	50,874,849	21,735,235

Changes in the present value of the defined benefit obligation for the years ended December 31 are as follows:

	2024	2023
January 1	130,907,633	107,020,907
Interest cost	5,828,044	7,598,484
Current service cost	21,173,357	20,958,085
Past service cost	40,456,729	-
Benefits paid by the Company from retirement funds	(5,386,409)	(4,669,843)
Benefits paid from Company operating funds	(1,137,420)	-
Remeasurements arising from:		
Experience adjustments	(4,498,830)	-
Changes in financial assumptions	5,850,630	-
Net released obligation due to employee transfers	(14,039,007)	-
December 31	179,154,727	130,907,633

Changes in the fair value of plan assets for the years ended December 31 are as follows:

	2024	2023
January 1	93,748,646	86,927,312
Interest income	2,544,274	6,821,334
Return on plan assets	3,573,452	-
Contributions	40,655,975	-
Benefits paid from retirement fund	(10,056,252)	-
December 31	130,466,095	93,748,646

Apart from the benefit payments to certain qualified employees advanced by the Company and the contributions to the plan for the years ended December 31, 2024 and 2023, the Company had no other transactions with the plan.

Details of plan assets as at December 31 are as follows:

	2024	2023
Cash in banks	9,369	20,649
Investments in debt instruments	148,221,865	93,765,501
Other assets	1,076,673	-
Liabilities	(18,841,812)	(37,504)
	130,466,095	93,748,646

At December 31, 2024 and 2023, the Company's plan assets (investment in equity and debt instruments) are determined by reference to published price quotations in an active market (classified as Level 1 in the fair value hierarchy).

There are no plan assets invested in related parties as at and for the years ended December 31, 2024 and 2023.

The company does not expect to contribute to the retirement fund in 2025.

The average duration of the expected benefit payments as at December 31, 2024 is 10 years (2023 - 7 years).

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2024	2023
Less than a year	60,866,734	49,935,597
Between 1 and 5 years	63,506,491	38,242,146
Between 5 and 10 years	188,328,032	148,752,626
Between 10 and 15 years	79,572,359	-
Between 15 and 20 years	128,217,059	-
20 years and above	105,458,017	255,068,831
	625,948,692	491,999,200

Critical accounting estimate - Determining retirement benefit obligation

The Company maintains a qualified defined benefit retirement plan. The calculations of retirement costs of the Company are dependent upon the use of assumptions, including discount rates, expected return on plan assets, interest cost, future salary increases, benefits earned, mortality rates, the number of employee retirements, the number of employees electing to take lump-sum payments and other factors.

Actual results that differ from assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While the Company believes that the assumptions used are reasonable, differences in actual experience or changes in assumptions may materially affect the Company's retirement obligation and future expense.

In determining the long-term rates of return, the Company considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Company evaluates the expected long-term rate of return annually and adjusts such rate as necessary.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as follows:

	Increase (decrease)	
	2024	2023
Discount rate		
Increase by 1.0%	(8,651,521)	(6,321,631)
Decrease by 1.0%	9,681,119	7,073,954
Salary increase rate		
Increase by 1.0%	10,735,100	7,844,094
Decrease by 1.0%	(9,772,379)	(7,140,638)

The sensitivity is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit asset recognized within the statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior years.

19 Income taxes

The income tax expense for the years ended December 31 comprise of:

	2024	2023
Current	6,949,198	4,927,209
Deferred	1,041,197,087	-
	1,048,146,285	4,927,209

Deferred income tax liabilities that are recognized as at December 31 consist of:

	2024	2023
Unrealized gain on cumulative fair value adjustments of investment properties	4,538,483,929	3,350,879,319
Provision for impairment of receivables	(187,994,166)	-
Interest income from advances to related parties	75,931,377	34,174,163
Financial assets at FVOCI	22,557,427	20,098,009
Unrealized foreign exchange gain	-	34,989
	4,448,978,567	3,405,186,480

Realization of the future tax benefits related to the deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future. The unrecognized deferred income tax assets as at December 31 consist of:

	2024	2023
NOLCO	180,254,294	180,232,048
Accrued expenses	26,939,793	11,311,268
Retirement benefit liability	18,315,276	6,337,114
MCIT	8,572,916	9,084,236
Unamortized past service cost	8,437,947	8,437,947
Unrealized foreign exchange loss	648,218	-
Unrecognized deferred tax assets	243,168,444	215,402,613

Movements in net deferred income tax liabilities for the years ended December 31 are as follows:

	2024	2023
January 1	3,405,186,480	3,402,500,897
Charged to profit or loss	1,041,197,087	-
Charged to other comprehensive income	2,595,000	2,685,583
December 31	4,448,978,567	3,405,186,480

The Company is entitled to the net operating loss carry-over (NOLCO) benefit which can be applied to its taxable income for five succeeding years from the year the loss was incurred for the 2020 and 2021 NOLCO and three succeeding years from the year the loss was incurred for NOLCO after 2021. The details of deferred income tax assets on NOLCO at December 31 are as follows:

Year incurred	Year of expiry	2024	2023
2020	2025	321,209,689	321,209,689
2021	2026	252,178,217	252,178,217
2022	2025	120,463,274	120,463,274
2023	2026	27,165,997	27,077,013
		721,017,177	720,928,193
Unrecognized DTA at 25%		180,254,294	180,232,048

The Company is required to pay the MCIT or the normal income tax, whichever is higher. MCIT is 1% of gross income for the period beginning July 1, 2020 until June 30, 2023 and 2% of gross income prior to July 1, 2020 as defined under the Tax Code. Any excess of MCIT over the normal income tax shall be carried forward annually and applied against the normal income tax for the next succeeding three taxable years applicable.

Year incurred	Year of expiry	2024	2023
2020	2023	-	2,139,701
2021	2024	1,497,427	1,497,427
2022	2025	2,659,600	2,659,600
2023	2026	4,927,209	4,927,209
2024	2027	986,107	-
		10,070,343	11,223,937
Expired		(1,497,427)	(2,139,701)
		8,572,916	9,084,236

A reconciliation of the income tax expense computed at the statutory income tax rate and the effective income tax expense recognized in profit or loss for the years ended December 31 is as follows:

	2024	2023
Tax at statutory rate of 25%	2,079,604,726	990,548,276
Adjustments resulting from:		
Unrecognized deferred tax assets	51,912,373	(6,208,674)
Unrecognized MCIT	6,949,199	-
Loss on fair value adjustment of financial assets at FVTPL	304,846	117,969
Non-deductible expenses	249,846	861,095
Depreciation of investment property	(111,811)	(1,022,061)
Interest income subjected to final tax	(999,388)	(378,337)
Unrecognized NOLCO	(5,963,092)	-
Dividend income	(452,158,134)	(363,804,275)
Share in net income from joint venture	(631,642,280)	(615,186,784)
Effective income tax expense	1,048,146,285	4,927,209

Critical accounting judgment - Income tax

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognizes liabilities for tax audit issues when it is probable. The liabilities are based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Further, the Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

20 Related party transactions

In the normal course of business, the Company transacts with related parties. The following are the significant transactions and outstanding balances with related parties as at and for the years ended December 31:

	2024		2023		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
Subsidiaries					
Rental income (a)	268,198,307	27,243,747	257,362,428	130,622,681	Balances to be collected in cash and are due generally within 60 days. These are non-interest bearing and are not covered by any security.
Management fees (b)	-	-	-	-	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Administrative recharges by the Company	3,304,357,775	18,098,425,083	979,588,122	11,198,358,364	
Dividend income	1,803,550,538	140,286,005	1,447,049,600	83,750,000	
Advances	3,576,132,371	1,939,509,196	2,290,276,682	3,713,692,682	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Administrative recharges to the Company	(17,529,694)	(2,528,736,440)	(5,292,262)	(2,645,789,798)	
Rental expense (d)	-	-	-	-	
Entities under common control					
Rental income (a)	121,118,991	35,007,727	117,605,982	36,549,904	Balances to be collected in cash and are due generally within 60 days. These are non-interest bearing and are not covered by any security.
Dividend income	5,082,000	5,082,000	8,167,500	25,107,500	Balances to be collected in cash and are due generally within 30 days from date of declaration. These are non-interest bearing and are not covered by any security.
Advances (c)	225,147,237	216,979,737	91,881,618	2,536,776,348	Balances are to be collected in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Administrative recharges by the Company	137,807,873	3,634,763,253	107,346,349	988,613,072	
Administrative recharges to the Company	(891,177)	(1,377,139)	8,073,516	(1,373,025)	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Condominium dues (e)	1,316,375	-	2,385,406	-	
Key management personnel					
Salaries and other short-term employee benefits	-	128,896,377	-	109,174,978	Salaries and wages are settled in cash at the period incurred. Other short-term benefits are payable within the current year. There were no stock options or other long-term benefits provided in 2024 and 2023 nor amounts due to/from key management personnel as at December 31, 2024 and 2023.
Post-employment benefits	-	51,944,740	-	3,530,583	Refer to Note 18.

Significant agreements with related parties are as follows:

a) The company has various rental agreements with SLPC, SPSI and ESHRI, with terms ranging from 1 to 25 years. Rental income is calculated based on a fixed percentage of the counterparties' revenue.

b) The Company has management service agreement with its subsidiaries wherein the former shall provide human resource administration services for shared employees and project costs. The subsidiaries shall pay the Company service fees at actual cost-plus taxes (Note 17).

c) The outstanding balance as at December 31, 2024 and 2023 mainly includes cash advances to Classic Elite Holdings Limited from the Company for working capital and project development. In 2024, the Company recognized provision for impairment of these receivables amounting to P751,976,666 (Note 4).

d) The Company pays dues to The St. Francis Shangri-La Place Condominium Corporation, One Shangri-la Place Condominium Corporation and Horizon Homes for real property tax, association dues and condominium dues for condominium units owned by the Company.

There were no write-offs or provisions made in relation to related party transactions and balances as at and for the year ended December 31, 2023.

21 Provisions and contingencies

In 1993, a complaint was initially filed before the Regional Trial Court (RTC) - Pasig by the principal contractor of the Shangri-La Plaza Mall against the Company and the Board for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees and litigation costs totaling about P122,000,000, exclusive of interest.

In 1998, the parties underwent arbitration which resulted in promulgation in 2007 of the Arbitral Tribunal to award to the principal contractor the sum of P38,518,503, net of the award to Company amounting to P8,387,484. Subsequently, this decision was appealed by both parties to the Court of Appeals (CA) who resolved in 2009 to award P24,497,556 to the principal contractor, unpaid progress billings based on the original scope of work, and denied the Company of its motion for partial reconsideration. In 2009, both the Company and the Principal Contractor filed a Petition for Review in Certiorari to the Supreme Court, where the Company prayed for a reversal of the decision of the CA and for payment of liquidated damages by the Principal Contractor while the Principal Contractor filed a motion to modify the decision of the CA and to be awarded the full amount of their claim.

On July 26, 2021, the parties filed a Joint Manifestation and Motion informing the Supreme Court about the amicable settlement of the case and jointly moved for its dismissal which the Supreme Court granted in December 2021 and deemed the case closed and terminated.

Critical accounting estimate - Provision

As at December 31, 2024 and 2023, the Company recognized provision for a certain legal case. The estimate of the probable costs for the resolution has been developed in consultation with outside legal counsel handling the Company's defense in this matter. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, only general disclosures were provided.

Critical accounting judgment - Contingencies

The Company has other pending legal cases which are being contested by the Company and their legal counsels. The estimates of the probable costs for the resolution of the above claims have been developed in consultation with the outside legal counsel handling the defense in these matters and are based upon analyses of potential reports. Based on management's assessment, these proceedings will not have a material effect on the Company's financial position and performance.

22 Lease commitments

(a) Company as a lessor

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

Rental revenues for the years ended December 31 are as follows:

	Note	2024	2023
Percentage basis	20	366,240,166	340,839,692
Fixed monthly rental		5,567,351	5,827,392
		371,807,517	346,667,084

Total future minimum lease collections under the non-cancellable operating lease with fixed monthly rental as at December 31 are:

	2024	2023
Within one (1) year	5,582,401	5,582,153
One to two (1 to 2) years	5,270,167	8,863,371
	10,852,568	14,445,524

Critical accounting judgment - Operating lease commitments - Company as lessor

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

(b) Company as a lessee

The Company leases its office space from SLPC and incurred rent expense amounting to P4,813,262 in 2024 (2023 - P5,075,952) (Note 20).

23 Net debt reconciliation

The net debt reconciliation as at December 31 is presented below:

	Notes	2024	2023
Bank loans, January 1	13	10,115,000,000	6,940,000,000
Additions		8,740,000,000	3,175,000,000
Payments		(760,000,000)	-
Bank loans, December 31	13	18,095,000,000	10,115,000,000
Cash and cash equivalents	2	(441,074,261)	(148,159,751)
Net debt		17,653,925,739	9,966,840,249

Movements in financing liabilities comprising the net debt are disclosed in the related notes to the separate financial statements.

24 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Company's risk management plans for the years ended December 31, 2024 and 2023.

24.1.1 Market risk

(a) Foreign exchange risk

The Company's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks and cash equivalents. Changes in foreign currency exchange rates of these asset is not expected to have a significant impact on the financial position or results of operations of the Company.

The Company's foreign currency denominated cash in banks and cash equivalents as at December 31, 2024 and 2023 and net foreign exchange gains/losses for the years ended December 31, 2024 and 2023 are disclosed in Note 2.

(b) Price risk

The Company's exposure to price risk is minimal and limited only to financial assets at fair value through profit or loss (Note 3) and FVOCI (Note 9) presented in the statement of financial position. Changes in market prices of these financial assets are not expected to have a significant impact on the financial position or results of operations of the Company.

(c) Cash flow and fair value interest risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest-bearing financial instruments include long-term loan (Note 13). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rate, to be repriced every 30 to 180 days as agreed by the parties. The Company's exposure to cash flow interest risk is considered insignificant to the financial statements.

24.1.2 Credit risk

Credit risk arises from cash and cash equivalents, trade receivables and other financial assets at amortized cost. The Company manages the credit risk arising from these financial assets as follows:

(a) Cash and cash equivalents (Note 2)

The Company only maintains banking relationships with top and reputable universal and commercial banks in the country. Universal and commercial banks represent the largest single group, resource-wise, of financial institutions in the Philippines.

While cash and cash equivalents are also subject to the impairment requirements of PFRS 9, the impairment loss has been assessed to be immaterial.

(b) Trade and other receivables, net (Note 4)

The Company's rental income is concentrated mainly to its related parties and is subject to normal credit terms. Credit risk is minimized since the related parties are paying on normal credit terms and no history of default. The Company also enter into lease agreements with recognized and creditworthy third parties. It is the policy of the Company that all customers who trade on credit terms are subjected to credit verification procedures and are required to put up security deposits and pay advance rentals, if necessary. The Company does not offer credit terms to third parties without the specific approval of management. In addition, receivable balances are monitored on an on-going basis with the result that the exposure of the Company to bad debts is not significant.

The Company applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

All of the Company's trade receivables had been assessed to be fully performing as of reporting date. Management has determined based on its historical loss experience that the expected credit loss on these fully performing trade receivables is not material for financial reporting purposes.

Allowance for impairment

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables presented above. There were no trade and other receivables pledged as collaterals as at December 31, 2024 and 2023.

(c) Other financial assets at amortized cost

The Company's maximum credit risk exposures arising from other financial assets at amortized costs are shown below:

	Notes	2024	2023
Receivables from related parties	4	23,283,068,609	18,546,297,965
Advances to officers and employees	4	-	742,274
Interest receivable	4	55,180	8,602
Others	4	363,232	774,814
Refundable deposits	11	1,925,582	1,925,582
Total		23,285,412,603	18,549,749,237
Allowance for impairment of other receivables	4	751,976,666	-
		24,037,389,269	18,549,749,237

Critical accounting estimate - Impairment of other financial assets at amortized cost

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates.

Substantially all other financial assets at amortized cost as disclosed above are performing. Performing accounts are those whose credit risk is in line with original expectations of the Company. The 12-month ECL has been used as a basis for provisioning. In 2024, the Company recognized provision for impairment of cash advances to Classic Elite Holdings Limited amounting to P751,976,666 (Note 20).

24.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash and cash equivalents in order to fund its operations. The Company monitors its cash flows and carefully matches the cash receipts from its condominium sales and leasing operations against cash requirements for its operations. The Company utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following table shows the Company's financial instruments as at December 31 based on its contractual maturity profile:

	2024	2023
Financial liabilities maturing within one year		
Accounts payable and other current liabilities	2,691,839,620	2,844,091,421
Bank loans, including future interest	11,087,709,306	10,115,000,000
Dividends payable	83,865,757	70,082,118
	13,863,414,683	13,029,173,539
Financial liabilities maturing beyond one year		
Bank loans, including future interest	10,934,000,000	-
Deposits from tenants	1,277,886	1,269,161
	10,935,277,886	1,269,161
Total Financial liabilities	24,839,096,682	12,857,757,577

25 Summary of material accounting policies

The material accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

The separate financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. The PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards,
- Philippines Accounting Standards (PAS), and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy and adopted by the Securities and Exchange Commission (SEC).

The separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL, FVOCI and investment properties.

The preparation of separate financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- Determination of fair values of investment properties (Note 8)
- Useful lives of property and equipment (Note 10)
- Determining retirement benefit obligation (Note 18)
- Assessing control over subsidiaries (Note 7)
- Recoverability of investment and advances (Note 7)
- Distinction between properties held for sale, investment properties, and property and equipment (Note 8)
- Impairment of non-financial assets (Note 10)
- Provision (Note 21)
- Contingencies (Note 21)
- Operating lease commitments - Company as lessor (Note 22)
- Income tax (Note 19)

The Company has also prepared consolidated financial statements in accordance with PFRS Accounting Standards for the Parent company and its Subsidiaries (the "Group"). In the consolidated financial statements, subsidiary undertakings - which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations - have been fully consolidated.

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the years ended December 31, 2024 and 2023 in order to obtain full information on the financial position, results of operations and changes in financial position of the Company as a whole. The consolidated financial statements of the Group can be obtained from SEC or from the Parent's website: www.shangproperties.com.

Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the Company

The Company has adopted certain amendments for the first-time effective January 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to PAS 1;
- Lease Liability in Sale and Leaseback – Amendments to PFRS 16; and
- Supplier Finance Arrangements – Amendments to PAS 7 and PFRS 7.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Adoption of amendments to existing standard and interpretations deferred by SEC until December 31, 2023

The JVC has adopted for the first time effective January 1, 2024, certain amendments to existing standard and interpretations deferred by SEC under Memorandum Circular Nos. 14-2018, 4-2020 and 34-2020 until December 31, 2023.

The JVC elected to apply such amendments by recognizing the cumulative effect as an adjustment to the retained earnings as at January 1, 2024, which is the date of initial application. The JVC elected to apply such amendments retrospectively only to contracts that are not completed contracts at the date of initial application.

IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23)

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue will be recognized over time under paragraph 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

Assessing whether the transaction price includes significant financing component

There is a significant financing component in the contracts to sell when there is a mismatch between the POC of real estate projects and schedule of payments. PIC, in its response to the Real Estate Industry dated November 11, 2020, allows the industry to provide support that their specific payments schemes have no significant financing component, if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance.

The share of the Company on the impact of the above amendments on the JVC's statement of financial position as at January 1, 2024, is summarized below:

As at January 1, 2024	As previously presented	Impact of adoption	Adjusted
Assets			
Investments in and advances to associates and a joint venture	13,453,835,783	(890,855,430)	12,562,980,353
Total assets	**46,957,681,850**	**(890,855,430)**	**46,066,826,420**
Equity			
Retained earnings	24,374,576,569	(890,855,430)	(23,483,721,139)
Total equity	**30,441,723,774**	**(890,855,430)**	**(29,550,868,344)**
Total liabilities and equity	**46,957,681,850**	**(890,855,430)**	**(46,066,826,420)**

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards is set out below:

PFRS 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Although the adoption of PFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. Foreign exchange differences might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- for the first annual period of application of PFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.

From a cash flow statement perspective, there will be changes to how interest received, and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Company will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

PFRS 19 *Subsidiaries without Public Accountability: Disclosures* (effective for annual periods beginning on or after January 1, 2027)

Issued in May 2024, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRS Accounting Standards to apply reduced disclosure requirements. The Company does not expect this standard to have an impact on its operations or financial statements.

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

25.2 Financial assets

(i) Classification and measurement of debt instruments

The Company's debt financial assets at amortized cost consist of cash and cash equivalents (Note 2), trade and other receivables (Note 4) and refundable deposits (Note 11) in the separate statement of financial position.

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

There are no financial assets measured at fair value (either through profit or loss or other comprehensive income) as at December 31, 2024 and 2023.

Classification and measurement of financial assets

At initial recognition, the Company measures the above-mentioned financial assets at fair value plus transaction costs, if any. Subsequently, these financial assets are held at amortized cost (see description above) based on the Company's business model (e.g. hold-to collect) and cash flow characteristics of these assets (solely payment of principal and interest).

(ii) Classification and measurement of equity instruments

The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

At December 31, 2024 and 2023, the Company's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are classified in the separate statement of financial position (Note 9).

(iii) Impairment of financial assets held at amortized cost

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expense in the separate statement of comprehensive income. Subsequent recoveries are credited to miscellaneous income.

25.3 Investments and advances

(a) Subsidiaries

Investment in a subsidiary in the separate financial statements are accounted for using the cost method in accordance with PAS 27 (Amended), *Separate Financial Statements*.

(b) Associates

Investment in associate is initially recognized at cost. It is subsequently carried in the separate financial statements at cost, less allowance for impairment losses.

(c) Joint ventures

Under PFRS 11, *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has an investment in joint ventures as at reporting date (Note 7).

Interests in a joint venture are accounted for using the equity method, after initially being recognized at cost in the statement of financial position.

(d) Deposits for future share subscriptions

Deposits for future share subscriptions represents amounts paid to subsidiaries which will be settled by way of issuance of the subsidiaries' shares at a future date. These are recognized upon receipt of cash and measured at face value or nominal amount.

Deposit for future share subscription is derecognized once share has been issued.

25.4 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Company's investment properties are held for capital appreciation and is not occupied by the Company. The Company has adopted the fair value model for its investment property (Note 8).

After initial recognition, investment properties are carried at fair value as determined by an independent firm of appraisers. Fair value is based on direct income capitalization approach and market comparison approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

25.5 Depreciation of property and equipment

Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Building and leasehold improvements	25 or lease term, whichever is shorter
Transportation equipment	3 to 5
Furniture, fixtures and other equipment	2 to 5

Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

25.6 Impairment of non-financial assets

Asset that has an indefinite useful life such as investment in subsidiaries and associates not subject to amortization is evaluated regularly for impairment. Assets that have definite useful lives and are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that are previously impaired are reviewed for possible reversal of the impairment at each reporting date. Subsequent reversals are credited to miscellaneous income in the statement of comprehensive income.

The Company determines at each reporting date whether there is any objective evidence that the investment in subsidiaries and associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries and associate and its carrying value and recognizes the amount in profit or loss. An allowance is set-up for any substantial and presumably permanent decline in value of investments.

25.7 Current and deferred income tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognized for all deductible temporary differences, NOLCO) and unused tax credits (MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset. Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Company the ability to control the reversal of the temporary difference not recognized.

25.8 Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the reversal is recognized in the statement of comprehensive income within the same line item in which the original provision was charged.

25.9 Employee benefits

(a) Retirement benefits

The Company maintains a defined benefit retirement plan determined by periodic actuarial calculations. This defined benefit retirement plan is funded through payments to a trustee-administered fund and determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Company measures the resulting asset at the lower of: (a) such amount determined; and (b) the present value of any economic benefits available to the Company in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest of government bonds converted into zero coupon rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Short-term employee benefits

The Company recognizes a liability and an expense for short-term employee benefits which include salaries, paid sick and vacation leaves and bonuses. Bonuses are based on a formula that takes into consideration the resulting qualified profits. The Company recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

25.10 Revenue from sale of condominium units

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

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in its revenue arrangements.

25.11 Leases

(a) Company is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

(b) Company is the lessee

Aside from exemptions in the standard for short-term and low-value leases, lease payments are discounted using the interest rate implicit in the lease. Payments for leases of properties and office equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

25.12 Contingencies

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

26 Supplementary information required by Bureau of Internal Revenue (BIR)

The following information required by Revenue Regulations No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic separate financial statements.

(a) Output value-added tax (VAT)

The Company is a VAT-registered company with VAT output declaration of P62,429,615 for the year based on the Vatable sales amounting to P520,246,786.

The VATable sales shown above is based on gross receipts of the Company following the provisions of Sec. 4.106-3 of RR No. 14-2005 (also known as the Consolidated Value-Added Tax Regulations of 2005), Sale of Real Properties, while the gross revenue in the statement of comprehensive income is measured in accordance with the Company's accounting policy for revenue recognition.

(b) Input VAT

Movements in input VAT for the year ended December 31, 2024 follow:

Beginning balance	1,263,987
Current year's purchases:	
Purchases other than capital goods	14,028,263
Input tax applied against output tax	(11,064,354)
Total input VAT	4,227,896

(c) Documentary stamp tax

Documentary stamp taxes paid for the year ended December 31, 2024 amounted to P770,190 which mainly pertain to taxes on dividends and cash advances.

(d) All other local and national taxes

All other local and national taxes accrued and paid for the year ended December 31, 2024 consist of:

	Amount
Real property tax (included in Costs of sales and services)	21,190,259
Documentary stamp tax	770,190
Business taxes	8,293,103
Community tax	10,500
BIR registration	500
Others	6,005,934
Subtotal (included in Taxes and licenses)	15,080,227
	36,270,486

The local and national taxes, excluding real property tax, are presented as part of taxes and licenses in the statement of comprehensive income.

(e) Withholding taxes

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

	Paid	Accrued	Total
Creditable withholding tax	18,890,167	-	18,890,167
Withholding tax on compensation	117,508,151	8,103,351	125,611,502
Expanded withholding tax	19,431,278	2,957,105	22,388,383
Final withholding taxes	78,799,099	-	78,799,099
Fringe benefit tax	4,428,411	2,052,699	6,481,110

(f) Tax assessments and cases

There are no outstanding tax assessments and cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2024.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC REGISTRATION NUMBER

1	4	5	4	9	0					

COMPANY NAME

SHANG PROPERTIES, INC.

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

ADMINISTRATION OFFICE SHANGRI-LA PLAZA MALL EDSA CORNER SHAW BOULEVARD MANDALUYONG CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	**Company's Telephone Number/s**	Mobile Number
www.shangproperties.com	8-370-2700	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
5,127	any day in June	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Federico G. Noel, Jr.	bobong.noel@shangproperties.com	8-370-2700	N/A

CONTACT PERSON's ADDRESS

5/F Administration Office, Shangri-La Plaza, Edsa corner Shaw Boulevard, Mandaluyong City

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

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

SECRETARY'S CERTIFICATE

I, **FEDERICO G. NOEL, JR.**, of legal age, Filipino, and with office address at the 5th Level, Shangri-La Plaza, EDSA corner Shaw Boulevard, Mandaluyong City, being the duly elected incumbent Corporate Secretary of **SHANG PROPERTIES, INC.,** a corporation organized and existing under and by virtue of the laws of the Philippines, with principal offices at the address aforestated (the "Corporation"), under oath, do hereby certify that at the Regular Meeting of the Board of Directors of the Corporation held on **12 March 2025**, the following resolutions were unanimously approved and adopted:

> "RESOLVED, that the audited financial statements of **SHANG PROPERTIES, INC. and ITS SUBSIDIARIES,** (the 'Corporation') for the year ended December 31, 2024, inclusive of the Consolidated Balance Sheet as of December 31, 2024 and the Statements of Income, changes in the Stockholder's Equity and Consolidated Cash Flows for the year ended December 31, 2024, as audited by the Corporation's independent auditor, *Isla Lipana & Co.*, be, and the same are hereby, noted and approved."

IN WITNESS WHEREOF, I have signed this Secretary's Certificate this 12th day of March 2025 at Mandaluyong City, Metro Manila.

FEDERICO G. NOEL, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this MAR 14 2025 day of March 2025 by Federico G. Noel, Jr., having satisfactorily proven to me his identity through his Philippine Passport No. P6098076A issued by the Department of Foreign Affairs, Manila on 20 February 2018 and valid until 19 February 2028 and who personally appeared before me and signed the foregoing Secretary's Certificate and acknowledged that he executed the same freely and voluntarily act and deed, that he is acting as the authorized representative of **SHANG PROPERTIES, INC.**, and that he has the authority to sign in such capacity.

Doc. No. 20;
Page No. 5;
Book No. IV;
Series of 2025.

SecCerts: SPI-AFS [031225]
/belle 031225

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ATTY. ARCHIMEDES W. VILLANUEVA
Commission No. 0679-25
Notary Public for and in Mandaluyong City
Until 31 December 2026
Level 5 Shangri-La Plaza, EDSA cor. Shaw Blvd., Mandaluyong City
Roll No. 67435
PTR No. 5702917 / 02 Jan 2025 / Mandaluyong City
IBP Lifetime No. 017379 / 20 May 2017 / RSM Chapter
MCLE Compliance No. VII-0020670 / 06 Jun 2022 / Pasig City

Independent Auditor's Report

To the Board of Directors and Shareholders of
Shang Properties, Inc.
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Shang Properties, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2024 and 2023, and its consolidated financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of comprehensive income for each of the three years in the period ended December 31, 2024;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2024;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy and other explanatory information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matters identified in our audit are summarized as follows:

- Valuation of investment properties; and
- Revenue recognition on condominium sales based on percentage of completion (PoC).

Key Audit Matters	How our Audit Addressed the Key Audit Matters
a) Valuation of investment properties Refer to Note 10 to the consolidated financial statements for the details of the investment properties and discussion on critical accounting estimates and assumptions. As at December 31, 2024, total investment properties, carried at fair value, amounts to P47 billion which accounts for about 51% of the total consolidated assets of the Group. The determination of fair values by an external appraiser involves significant estimation using assumptions such as property prices for similar market listings in the area, occupancy rate, rental value, expense-revenue ratio and discount rate. A fair value assessment is performed regularly based on the requirements of PFRS 13, Fair Value Measurement, and Philippine Accounting Standards (PAS) 40, Investment Property.	We have addressed the matter by obtaining the latest appraisal reports. We have assessed the appropriateness of the valuation methodology used as well as the reasonableness of the significant inputs and assumptions used in the fair valuation. In particular, comfort over the reliability of the appraisal reports was obtained through independent verification of significant fair value assumptions and inputs specifically: • similar market listing in the area by comparing to records of recent sales and offerings of similar properties; • occupancy rate by agreeing to management's records and historical actual information; • expense-revenue ratio by comparing to the historical experience of the Group's leasing operations; • rental value by comparing to prevailing market rents on leasing transactions of comparable properties; and • discount rate by comparing to published market yields. We have also assessed the reasonableness of these assumptions given the current market and economic conditions. We have evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, licenses and client portfolio. We have also verified the appropriateness and sufficiency of the disclosures in accordance with PFRS 13 and PAS 40.

Key Audit Matters	How our Audit Addressed the Key Audit Matters
b) Revenue recognition on condominium sales based on PoC as a measure of progress Refer to Note 6 to the consolidated financial statements for the discussion on critical accounting estimates and assumptions. The revenue arising from condominium sales for the year ended December 31, 2024, amounts to P4.6 billion which accounts for about 39% the consolidated revenues. It is, therefore, material to the consolidated financial statements. Revenue from sale of condominium is recognized over time using the output method in accordance with the guidance set in PFRS 15, Revenue from contracts with customers, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Under the output method, revenue is calculated with reference to the PoC of the project. In the case of the Group, PoC is determined based on the actual physical completion of the project. Hence, revenue recognition on condominium sales requires significant judgment and estimation.	We have addressed the matter by understanding the process employed by the Group in estimating the actual physical completion of the condominium project as performed by independent quantity surveyors. We have evaluated the competence, capabilities, and objectivity of the independent quantity surveyors engaged by the Group by reviewing their profile, professional licenses, and client portfolio. We have examined the detailed accomplishment reports that provide information and analysis about the status of ongoing projects to validate the accuracy of the percentage of completion (POC) estimate. Additionally, we conducted interviews with project engineers and inspected relevant contracts, contractors' billings, invoices, and other supporting documents to assess the reasonableness of the percentage of completion. After obtaining comfort over the reasonableness of the POC as determined by the surveyors, the engagement team validated the POC used by agreeing it to the POC determined by the independent quantity surveyors and recomputed revenue accordingly.

Other Information

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

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

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

When we read the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Zaldy D. Aguirre.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 3, 2025, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 19, 2025

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Shang Properties, Inc.
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City

We have audited the consolidated financial statements of Shang Properties, Inc. (the “Parent Company”) and its subsidiaries (together, the “Group”) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, on which we have rendered the attached report dated March 19, 2025. The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration, Map of the Group of Companies within which the Reporting Entity Belongs, effective as at December 31, 2024, as additional components required by Part I, Section 5 of the Revised Rule 68 of the SRC, and Schedules A, B, C, D, E, F and G, as required by Part II, Section 6 of the Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 3, 2025, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 19, 2025

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Shang Properties, Inc.
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Shang Properties, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 19, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Rule 68 of the SRC issued by the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 3, 2025, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 19, 2025

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(All amounts in thousands of Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	3	3,171,640	1,408,142
Financial assets at fair value through profit or loss	4	32,895	35,405
Trade and other receivables, net	5	7,709,620	6,839,024
Properties held for sale	6	8,396,598	5,259,074
Prepaid taxes and other current assets	7	3,392,553	2,613,474
Total current assets		22,703,306	16,155,119
Non-current assets			
Investments in and advances to associates and a joint venture	8	9,250,604	8,219,286
Investment properties	10	47,194,415	37,289,273
Financial assets at fair value through other comprehensive income	11	846,768	829,468
Property and equipment, net	12	9,980,510	10,246,065
Goodwill	13	269,871	269,871
Deferred income tax assets	25	172,741	224,928
Other non-current assets	14	1,424,121	1,416,300
Total non-current assets		69,139,030	58,495,191
Total assets		91,842,336	74,650,310
Liabilities and Equity			
Current liabilities			
Accounts payable and other current liabilities	15	5,340,738	5,322,481
Current portion of:			
Bank loans	16	11,055,000	10,115,000
Deposits from tenants	17	570,017	710,830
Deferred lease income	17	27,176	11,566
Income tax payable	25	293,091	44,268
Dividends payable		527,467	69,992
Total current liabilities		17,813,489	16,274,137
Non-current liabilities			
Retirement benefit liability	24	171,215	126,940
Bank loans, net of current portion	16	7,040,000	-
Deferred income tax liabilities, net	25	8,837,955	7,416,148
Advance rental, net of current portion	29	140,812	-
Deposits from tenants, net of current portion	17	502,378	319,987
Deferred lease income, net of current portion	17	29,783	24,838
Total non-current liabilities		16,722,143	7,887,913
Total liabilities		34,535,632	24,162,050
Equity			
Share capital	18	4,764,059	4,764,059
Share premium	18	834,440	834,440
Treasury shares	18	(6,850)	(6,850)
Equity reserves		(141,133)	(141,133)
Other comprehensive income	18	301,867	289,713
Retained earnings	18	45,480,205	38,576,729
Total equity attributable to shareholders of the Parent Company		51,232,588	44,316,958
Non-controlling interests	9	6,074,116	6,171,302
Total equity		57,306,704	50,488,260
Total liabilities and equity		91,842,336	74,650,310

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
For each of the three years in the period ended December 31, 2024
(All amounts in thousands of Philippine Peso)

	Notes	2024	2023	2022
Revenues				
Condominium sales	6	4,614,789	3,073,245	2,850,803
Rental and cinema	10	2,684,420	2,540,440	2,165,080
Hotel operation		4,519,414	4,203,092	2,844,976
		11,818,623	9,816,777	7,860,859
Cost of sales and services				
Condominium sales	6	2,031,229	1,233,491	1,226,558
Rental and cinema		101,775	70,883	174,018
Hotel operation		2,216,925	2,162,346	1,729,476
	20	4,349,929	3,466,720	3,130,052
Gross profit		7,468,694	6,350,057	4,730,807
Operating expenses				
Staff costs	21	740,476	634,831	603,251
Taxes and licenses		247,881	192,983	166,583
Insurance		45,350	38,423	13,657
Depreciation and amortization	12	35,464	34,006	32,036
Other operating expenses	22	1,378,264	1,210,438	910,619
		2,447,435	2,110,681	1,726,146
Other income (charges), net				
Provision for impairment of related party receivable	27	(751,977)	-	-
Foreign exchange (losses) gains, net	3	(15,718)	(10,195)	14,575
Gain on fair value adjustment of investment properties, net	10	5,200,705	-	-
Other income, net	23	217,075	387,532	100,605
		4,650,085	377,337	115,180
Finance income, net				
Finance income	23	124,815	125,229	233,135
Finance costs	23	(65,942)	(52,119)	(109,448)
		58,873	73,110	123,687
Share in net income of associates and a joint venture	8	2,526,569	2,460,747	1,422,114
Income before income tax		12,256,786	7,150,570	4,665,642
Income tax expense	25	(2,285,061)	(1,049,013)	(677,481)
Net income for the year		9,971,725	6,101,557	3,988,161
Other comprehensive income				
Item that will be subsequently reclassified to profit or loss				
Translation adjustments		-	6,627	2,717
Items that will not be subsequently reclassified to profit or loss				
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	11	14,705	14,450	(811)
Remeasurement of retirement benefit, net of tax		(2,551)	(5,703)	3,932
		12,154	15,374	5,838
Total comprehensive income for the year		9,983,879	6,116,931	3,993,999
Net income attributable to:				
Shareholders of the Parent Company		9,356,554	5,518,419	3,634,479
Non-controlling interests	9	615,171	583,138	353,682
		9,971,725	6,101,557	3,988,161
Total comprehensive income attributable to:				
Shareholders of the Parent Company		9,368,708	5,533,793	3,640,011
Non-controlling interests	9	615,171	583,138	353,988
		9,983,879	6,116,931	3,993,999
Basic and diluted earnings per share attributable to shareholders of the Parent Company	26	1.964	1.159	0.763

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2024
(All amounts in thousands of Philippine Peso)

	Equity attributable to shareholders of the Parent Company								
	Share capital (Note 18)	**Share premium (Note 18)**	**Treasury shares (Note 18)**	**Other comprehensive income (Note 18)**	**Equity reserves**	**Retained earnings (Note 18)**	**Total**	**Non-controlling interests (Note 9)**	**Total equity**
Balances at January 1, 2022	4,764,059	834,440	(6,850)	268,807	(141,133)	31,587,544	37,306,867	5,632,156	42,939,023
Comprehensive income									
Net income for the year	-	-	-	-	-	3,634,479	3,634,479	353,682	3,988,161
Other comprehensive income	-	-	-	5,532	-	-	5,532	306	5,838
Total comprehensive income	-	-	-	5,532	-	3,634,479	3,640,011	353,988	3,993,999
Transaction with owners									
Cash dividends declared (Note 19)	-	-	-	-	-	(785,616)	(785,616)	(211,217)	(996,833)
Balances at December 31, 2022	4,764,059	834,440	(6,850)	274,339	(141,133)	34,436,407	40,161,262	5,774,927	45,936,189
Comprehensive income									
Net income for the year	-	-	-	-	-	5,518,419	5,518,419	583,138	6,101,557
Other comprehensive income	-	-	-	15,374	-	-	15,374	-	15,374
Total comprehensive income	-	-	-	15,374	-	5,518,419	5,533,793	583,138	6,116,931
Transaction with owners									
Cash dividends declared (Note 19)	-	-	-	-	-	(1,378,097)	(1,378,097)	(186,763)	(1,564,860)
Balances at December 31, 2023	4,764,059	834,440	(6,850)	289,713	(141,133)	38,576,729	44,316,958	6,171,302	50,488,260
Impact of adoption of accounting for significant financing component (Note 31)	-	-	-	-	-	(1,073,402)	(1,073,402)	-	(1,073,402)
Balances at January 1, 2024, restated	4,764,059	834,440	(6,850)	289,713	(141,133)	37,503,327	43,243,556	6,171,302	49,414,858
Comprehensive income									
Net income for the year	-	-	-	-	-	9,356,554	9,356,554	615,171	9,971,725
Other comprehensive income	-	-	-	12,154	-	-	12,154	-	12,154
Total comprehensive income	-	-	-	12,154	-	9,356,554	9,368,708	615,171	9,983,879
Transaction with owners									
Cash dividends declared (Note 19)	-	-	-	-	-	(1,379,676)	(1,379,676)	(712,357)	(2,092,033)
Balances at December 31, 2024	4,764,059	834,440	(6,850)	301,867	(141,133)	45,480,205	51,232,588	6,074,116	57,306,704

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2024
(All amounts in thousands of Philippine Peso)

	Notes	2024	2023	2022
Cash flows from operating activities				
Income before income tax		12,256,786	7,150,570	4,665,642
Adjustments for:				
Depreciation and amortization	12	396,345	377,127	387,938
Finance costs	23	65,942	51,032	108,512
Retirement benefit expense	24	90,708	37,362	36,032
Loss (gain) on fair value adjustment of financial assets at fair value through profit or loss	4, 23	2,510	(4,012)	(577)
Provision for (recovery of) doubtful accounts	5, 22	752,262	(51)	157
Unrealized foreign exchange gain	3	(3,536)	(2,108)	(24,255)
Gain on sale of property and equipment	23	(265)	(1,313)	(374)
Amortization of deferred lease income	17	(33,718)	4,679	(15,040)
Dividend income	23	(53,744)	(8,168)	(668)
Share in net income of associates and a joint venture	8	(2,526,569)	(2,460,747)	(1,422,114)
Gain on fair value adjustment of investment properties, net	10	(5,200,705)	-	-
Finance income	23	(124,815)	(125,229)	(233,135)
Operating income before working capital changes		5,621,201	5,019,142	3,502,118
Changes in working capital:				
Trade and other receivables		(1,835,154)	(1,281,744)	(1,215,386)
Properties held for sale		(3,259,167)	(897,466)	(782,346)
Prepaid taxes and other current assets		617,308	(333,815)	(311,864)
Other non-current assets		(1,224,249)	(1,266,385)	28,099
Accounts payable and other current liabilities		47,435	367,744	370,268
Retirement benefit liability		10,748	10,025	4,602
Installment payable		-	-	(47,883)
Advance rentals		112,860	(17,459)	(250,591)
Deposits from tenants		63,531	(2,251)	(23,393)
Net cash generated from operations		154,513	1,597,791	1,273,624
Income tax paid		(722,806)	(475,942)	(307,346)
Interest received		120,584	127,951	230,963
Retirement benefits paid directly by the Group		(47,743)	(13,137)	(16,374)
Net cash (used in) provided by operating activities		(495,452)	1,236,663	1,180,867
Cash flows from investing activities				
Additions to:				
Property and equipment	12	(131,791)	(117,841)	(148,414)
Advances to a joint venture	8	(145,604)	(10,489)	(7,813)
Investment properties	10	(4,582,794)	(1,231,618)	(586,937)
Financial assets at fair value through other comprehensive Income	11	-	-	(16,100)
Dividends received	23	53,744	8,168	668
Proceeds from sale of property and equipment	12, 23	41	7,624	8,738
Proceeds from payment for advances	8	750,000	-	-
Net cash used in investing activities		(4,056,404)	(1,344,156)	(749,858)
Cash flows from financing activities				
Payments of:				
Loan principal	16	(760,000)	(1,370,000)	(2,865,000)
Interest	16	(33,622)	(54,040)	(110,577)
Cash dividends paid to:				
Shareholders	19	(922,203)	(1,369,273)	(786,346)
Non-controlling shareholders of subsidiaries	9	(712,357)	(186,763)	(211,218)
Proceeds from loan availments	16	8,740,000	3,175,000	3,460,000
Net cash provided by (used in) financing activities		6,311,818	194,924	(513,141)
Net increase (decrease) in cash and cash equivalents for the Year		1,759,962	87,431	(82,132)
Cash and cash equivalents at January 1	3	1,408,142	1,318,603	1,376,480
Effects of exchange rate changes on cash and cash equivalents	3	3,536	2,108	24,255
Cash and cash equivalents at December 31	3	3,171,640	1,408,142	1,318,603

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements
As at December 31, 2024 and 2023
and for each of the three years in the period ended December 31, 2024
(All amounts are shown in thousands of Philippine Peso unless otherwise stated)

1 General information

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

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

The Parent Company and its subsidiaries' (together, the “Group”) businesses include property investment and development, hotel operations, real estate management, leasing, mall and carpark operations, and other supplementary businesses.

The consolidated financial statements have been approved and authorized for issue in accordance with a resolution of the Board of Directors dated March 12, 2025. There are no subsequent events from the approval of these financial statements up to March 19, 2025.

2 Segment information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Group has operations only in the Philippines. The Group derives revenues from three (3) main segments as follows:

(a) Property development

This business segment pertains to the development and sale of condominium units. The subsidiaries operating in this segment are as follows:

- Shang Properties Realty Corporation (“SPRC”) is the developer of The Shang Grand Tower Project (TSGT), located in Makati City, The St. Francis Shangri-La Place Project (TSFSP) and One Shangri-La Place Project (OSP), both located in Mandaluyong City and Shang Bauhinia Residences located in Cebu City.
- Shang Property Developers, Inc. (“SPDI”) is the developer of Shang Salcedo Place Project (SSP), located in Makati City.
- The Rise Development Company Inc. (“TRDCI”) is the developer of The Rise Makati Project, located in Makati City.
- Shang Wack Wack Properties, Inc. (“SWWPI”) is the developer of Shang Residences at Wack Wack Project, located in Mandaluyong City.
- SPI Property Holdings, Inc. ("SPI-PHI") is the developer of Laya Project in Pasig City.
- SPI Land Development, Inc. ("SPI-LDI") is the developer of Shang Summit Project in Quezon City.

On October 23, 2024, The Parent Company acquired, for a total consideration of P2.53 billion, 100% of the issued share capital of RapidShare Realty and Development Corporation (RRDC), a company primarily engaged in the development, sale, and lease of real estate properties.

(b) Hotel operations

This business segment pertains to the operations of Shangri-La at the Fort's hotel and residences. Shang Global City Properties, Inc. ("SGCPI") is the developer of Shangri-La at the Fort Project, located in Taguig City. SGCPI's hotel and restaurant operations started commercial operations on March 1, 2016.

(c) Leasing

This business segment pertains to the rental operations of the Shangri-La Plaza Mall, The Enterprise Center ("TEC") and their related carpark operations as operated by Shangri-La Plaza Corporation ("SLPC"), KSA Realty Corporation ("KSA") and SPI Parking Services, Inc. ("SPSI"), respectively. It also includes rental of a portion of the Parent Company's land to EDSA Shangri-La Hotel and Resort, Inc. ("ESHRI") and cinema operations of Shangri-La Plaza Mall.

In 2019, the Parent Company started construction of the Shang One Horizon. The Project is a located in the City of Mandaluyong and is expected to be completed in 2028. Upon completion, the project will be subsequently leased out to third parties and related parties. In 2021, the construction of the land project was subsequently assigned by the Parent Company to SPI Property Developers, Inc. ("SPI-PDI"), a subsidiary.

(d) Other business segments

Other business segments pertain to property management services and operations of real estate entities and other subsidiaries. Except for the rental revenue from ESHRI, all revenues come from transactions with third parties. There are no revenues derived from a single external customer above 10% of total revenue in 2024, 2023, and 2022. There is no need to present reconciliation since measure of segment assets, liabilities and results of operations are consistent with those of the consolidated financial statements.

All revenues are from domestic entities incorporated in the Philippines; hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

There are no changes in the Group's reportable segments and related strategies and policies in 2024, 2023, and 2022.

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2024 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	4,614,789	-	-	-	4,614,789	-	4,614,789
Rental and cinema	146,481	-	2,905,983	-	3,052,464	(368,044)	2,684,420
Hotel operation	-	4,519,414	-	-	4,519,414	-	4,519,414
Cost of sales and services							
Condominium sales	(2,031,229)	-	-	-	(2,031,229)	-	(2,031,229)
Rental and cinema	(21,922)	-	(74,803)	-	(96,725)	(5,050)	(101,775)
Hotel operation		(2,216,925)	-	-	(2,216,925)	-	(2,216,925)
Gross profit	2,708,119	2,302,489	2,831,180	-	7,841,788	(373,094)	7,468,694
Operating expenses	(660,766)	(926,528)	(2,157,073)	(73,116)	(3,817,483)	618,072	(3,199,411)
Other income and expenses	478,222	32,154	6,693,834	800,285	8,004,495	(2,477,619)	5,526,876
Share in net income of associates and a joint venture	-	-	2,526,569	-	2,526,569	-	2,526,569
Interest expense and bank charges	(916)	(3,358)	(61,635)	(33)	(65,942)	-	(65,942)
Income before income tax	2,524,659	1,404,757	9,832,875	727,136	14,489,427	(2,232,641)	12,256,786
Income tax expense	(633,724)	(351,112)	(1,285,427)	(14,798)	(2,285,061)	-	(2,285,061)
Net income for the year	1,890,935	1,053,645	8,547,448	712,340	12,204,368	(2,232,641)	9,971,725
Segment assets	24,423,719	8,775,033	80,940,853	1,324,698	115,464,303	(32,872,571)	82,591,732
Associate and joint venture companies (Note 8)	-	-	-	9,250,604	9,250,604	-	9,250,604
Total assets	24,423,719	8,775,033	80,940,853	10,575,302	124,714,907	(32,872,571)	91,842,336
Segment liabilities	15,182,447	1,617,348	36,101,051	7,800,780	60,701,626	(26,165,993)	34,535,632
Capital expenditures for the year (Notes 10 and 12)	15,656	66,073	47,839	71	129,639	-	129,639

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2023 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	3,072,945	-	300	-	3,073,245	-	3,073,245
Rental and cinema	131,328	-	2,748,569	-	2,879,897	(339,457)	2,540,440
Hotel operation	-	4,203,092	-	-	4,203,092	-	4,203,092
Cost of sales and services							
Condominium sales	(1,233,263)	-	(228)	-	(1,233,491)	-	(1,233,491)
Rental and cinema	(21,922)	-	(56,689)	-	(78,611)	7,728	(70,883)
Hotel operation	-	(2,162,346)	-	-	(2,162,346)	-	(2,162,346)
Gross profit	1,949,088	2,040,746	2,691,952	-	6,681,786	(331,729)	6,350,057
Operating expenses	(447,785)	(875,285)	(1,322,654)	(53,031)	(2,698,755)	588,074	(2,110,681)
Other income and expenses	147,956	192,041	1,596,871	276,080	2,212,948	(1,710,382)	502,566
Share in net income of associates and a joint venture	-	-	2,460,747	-	2,460,747	-	2,460,747
Interest expense and bank charges	(316)	(33,715)	(18,080)	(8)	(52,119)	-	(52,119)
Income before income tax	1,648,943	1,323,787	5,408,836	223,041	8,604,607	(1,454,037)	7,150,570
Income tax expense	(426,668)	(333,274)	(276,781)	(4,216)	(1,040,939)	(8,074)	(1,049,013)
Net income for the year	1,222,275	990,513	5,132,055	218,825	7,563,668	(1,462,111)	6,101,557
Segment assets	18,691,978	8,389,937	63,657,448	2,104,201	92,843,564	(26,412,540)	66,431,024
Associate and joint venture companies (Note 8)	-	-	-	8,219,286	8,219,286	-	8,219,286
Total assets	18,691,978	8,389,937	63,657,448	10,323,487	101,062,850	(26,412,540)	74,650,310
Segment liabilities	11,795,753	994,521	24,765,911	7,627,521	45,183,706	(21,021,654)	24,162,052
Capital expenditures for the year (Notes 10 and 12)	7,602	72,944	37,181	115	117,842	-	117,842

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2022 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	2,850,803	-	-	-	2,850,803	-	2,850,803
Rental and cinema	67,965	-	2,254,360	-	2,322,325	(157,245)	2,165,080
Hotel operation	-	2,844,976	-	-	2,844,976	-	2,844,976
Cost of sales and services							
Condominium sales	(1,226,558)	-	-	-	(1,226,558)	-	(1,226,558)
Rental and cinema	(23,518)	-	(146,553)	-	(170,071)	(3,947)	(174,018)
Hotel operation	-	(1,729,476)	-	-	(1,729,476)	-	(1,729,476)
Gross profit	1,668,692	1,115,500	2,107,807	-	4,891,999	(161,192)	4,730,807
Operating expenses	(485,598)	(531,610)	(1,085,310)	(58,018)	(2,160,536)	434,390	(1,726,146)
Other income and expenses	191,743	9,696	1,597,773	244,955	2,044,167	(1,695,851)	348,316
Share in net income of associates and a joint venture	-	-	1,422,114	-	1,422,114	-	1,422,114
Interest expense and bank charges	(189)	(84,678)	(24,575)	(6)	(109,448)	-	(109,448)
Income before income tax	1,374,648	508,908	4,017,809	186,931	6,088,296	(1,422,653)	4,665,643
Income tax expense	(318,664)	(131,067)	(241,734)	(5,143)	(696,608)	19,127	(677,481)
Net income for the year	1,055,984	377,841	3,776,075	181,788	5,391,688	(1,403,526)	3,988,162
Segment assets	15,220,101	8,765,497	55,894,572	4,465,193	84,345,363	(22,463,495)	61,881,868
Associate and joint venture companies (Note 8)	-	-	-	5,748,050	5,748,050	-	5,748,050
Total assets	15,220,101	8,765,497	55,894,572	10,213,243	90,093,413	(22,463,495)	67,629,918
Segment liabilities	9,231,333	2,354,890	19,444,483	7,518,732	38,549,438	(16,855,709)	21,693,729
Capital expenditures for the year (Notes 10 and 12)	13,069	18,718	476,947	808	509,452	-	509,452

3 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2024	2023
Cash on hand	75,143	9,208
Cash in banks	1,250,293	811,706
Cash equivalents	1,846,204	587,228
	3,171,640	1,408,142

Cash in banks earned interest at prevailing bank deposit rates.

Cash equivalents are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term deposit rates.

Interest income earned for the year ended December 31, 2024 amounted to P271.8 million (2023 - P22.1 million; 2022 - P7 million) (Note 23).

The carrying amounts of the Group's cash and cash equivalents are generally denominated in Philippine Peso, US Dollar and Hong Kong Dollar. The Group's foreign currency denominated cash and cash equivalents as at December 31 are as follows:

	2024			2023		
	Foreign currency	Exchange rate	Peso equivalent	Foreign currency	Exchange rate	Peso equivalent
US Dollar	1,289	58.01	74,775	839	55.57	46,612
HK Dollar	1,091	7.47	8,150	7	7.11	50

The realized and unrealized exchange losses for the years ended December 31 included within Other income in the consolidated statement of comprehensive income are as follows:

	2024	2023	2022
Foreign exchange gains (losses)			
Realized	(19,254)	(12,303)	(9,680)
Unrealized	3,536	2,108	24,255
Total	(15,718)	(10,195)	14,575

4 Financial assets at fair value through profit or loss

This account represents equities that are listed in the Philippine Stock Exchange (PSE). Movements in the account for the years ended December 31 are as follows:

	Note	2024	2023
At January 1		35,405	31,393
Gain on fair value adjustment	23	(2,510)	4,012
At December 31		32,895	35,405

The fair values have been derived based on current bid prices in the PSE (Level 1 valuation). The fair value adjustment is included in Other Income in the statements of comprehensive income.

5 Trade and other receivables, net

Trade and other receivables, net, as at December 31 consist of:

	Note	2024	2023
Trade			
Installment contracts receivable		5,731,178	5,010,318
Rent receivables		158,039	182,365
Receivables from guests and concessionaires		181,441	120,707
Non-trade			
Related parties	27	2,351,603	1,415,010
Advances to officers and employees		4,854	5,551
Interest		5,865	1,635
Others		41,925	116,461
		8,474,905	6,852,047
Allowance for impairment of receivables		(765,285)	(13,023)
		7,709,620	6,839,024

Installment contracts receivable arises from sale of condominium units in the Group's ordinary course of business and pertains to the portion of transaction price, excluding the significant financing component. Contract receivables are collectible within a period based on the payment schedule agreed with the buyers. The related significant financing component recognized as part of revenue from condominium sales in the statement of comprehensive income amounted to P231 million.

Rent receivables pertain to rental fees charged to tenants and are non-interest bearing. The normal credit terms range from 30 to 60 days.

Receivables from guests and concessionaires pertain to receivables arising from hotel, restaurant and rental services. These are usually due within 30 days and do not bear any interest.

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

Other receivables are non-interest bearing and consist of income from non-tenant related receivables.

Movements in allowance for impairment of receivables for the years ended December 31 are as follows:

	Note	2024	2023
At January 1		13,023	21,197
Provision for related party receivable	22	751,977	-
Provision for other receivables		285	(51)
Write-off		-	(8,123)
At December 31		765,285	13,023

The Group's trade and other receivables are all denominated in Philippine Peso.

There were no trade and other receivables pledged as collaterals as at December 31, 2024 and 2023.

6 Properties held for sale

Properties held for sale as at December 31 consist of:

	2024	2023
Condominium units held for sale	371,462	303,748
Project under development held for sale	8,025,136	4,955,326
	8,396,598	5,259,074

Condominium units sold in 2024 amounted to P4.6 billion (2023 - P3.1 billion; 2022 - P2.9 billion). The related cost of condominium units sold amounted to P2.0 billion in 2024 (2023 - P1.2 billion; 2022 - P1.2 billion) (Note 20).

(a) Condominium units held for sale

This account represents the accumulated actual construction costs of unsold units of completed condominium projects. The movements in condominium units held for sale as at December 31 are as follows:

	2024	2023
At January 1	303,748	338,002
Additional development costs for the year	67,714	-
Cost of condominium units sold (excluding commissions)	-	(34,254)
At December 31	371,462	303,748

(b) Project under development held for sale

This account represents the accumulated actual construction costs of unsold units of ongoing condominium projects. The movements in this account as at December 31 are as follows:

	Note	2024	2023
At January 1		4,955,326	4,109,331
Construction and development costs incurred:			
Land cost		4,435,237	1,501
Construction cost		4,097,532	973,928
Project management expenses		878,172	326,988
Professional and consultancy fees		428,761	336,512
Taxes, permits and licenses		274,133	106,761
Insurance and bonds		83,431	48,575
Others		211,620	205,454
Transfer to investment property	10	(121,642)	(85,725)
Allocated cost of condominium units sold (excluding commissions)		(7,217,434)	(1,067,999)
At December 31		8,025,136	4,955,326

The transfers relate to construction and development costs incurred during the period attributable to the retail portion of The Rise Makati condominium (Note 10). This is considered a non-cash transaction.

Critical accounting estimate - Estimation of net realizable value of properties held for sale

Properties held for sale are carried at the lower of cost and net realizable value. The net realizable value of completed condominium units is the estimated selling price of a condominium unit less estimated costs necessary to make the sale. While the net realizable value of condominium units under construction is the estimated selling price of a condominium unit less estimated costs to complete the construction, estimated time value of money to the date of completion and estimated costs necessary to make the sale.

NRV has been assessed to be higher than cost based on circumstances or conditions as at December 31, 2024 and 2023. Accordingly, no write-down is deemed necessary.

Critical accounting estimates - Estimation of percentage-of-completion of the Group's projects

Revenue from condominium sales is recognized based on the percentage of completion in accordance with the guidance set in PFRS 15, Revenue from contracts with customers, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. PoC is calculated with reference to different determinants of completion including actual physical completion as well as cost incurred and/or paid. The process of calculating PoC involves a significant degree of estimates and requires technical assessments by experts and consultants who specializes in PoC computations. Management believes that revenue from condominium sales reported in the statement of total comprehensive income best reflects the PoC of the projects as at reporting date.

The Group's on-going projects and their PoC as at the following dates are as follows:

Projects	2024	2023
The Rise Makati	100%	100%
Shang Residences at Wack Wack	96%	81%
Shang One Horizon	50%	30%
Laya by Shang	22%	8%
Shang Summit	7%	1%
Shang Bauhinia Residences	5%	-

Critical accounting judgment - Collectability of the transaction price

Identification of a "contract" for particular real estate sale transaction in the context of PFRS 15 requires certain judgments based on the collectability of the transaction price. Collectability of the transaction price is demonstrated by the buyer's commitment to pay which, in turn, is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property. For condominium sales, in determining whether the contract prices are collectible, the Company considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay, based on historical data.

7 Prepaid taxes and other current assets

Prepaid taxes and other current assets as at December 31 consist of:

	2024	2023
Advances to contractors and suppliers	1,837,982	1,470,484
Creditable withholding tax (CWT)	664,704	471,907
Input value added tax (VAT)	512,670	331,109
Prepaid commission	132,033	3,127
Prepaid property tax	43,028	66,212
Consumables and supplies	34,578	40,429
Prepaid insurance	8,102	45,766
Deferred input VAT	5,778	2,549
Other prepaid expenses	153,678	181,891
	3,392,553	2,613,474

Advances to contractors and suppliers pertain to initial payments made by the Group for the construction and development of its condominium projects. These are applied as payments of progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

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

Prepaid commission represents the unamortized portion of commissions paid to property consultants and brokers in connection with the acquisition of customers' contracts. This account is treated as a fulfilment cost under PFRS 15 and is amortized and charged to expense based on the project's percentage of completion.

Input VAT represents tax paid to suppliers that can be claimed as credit against the future output VAT liabilities and has no expiration.

Consumables and supplies consist of food, beverages and other recreational consumable items for the hotel operations.

Other prepaid expenses mainly consist of advance payments for rent, staff accommodation rentals, software support, refundable deposits, and other expenses which are normally utilized within the next financial year.

8 Investments in and advances to associates and a joint venture

This account as at December 31 consist of:

	2024	2023
Investment in a joint venture		
At January 1	5,629,057	3,157,821
Impact of change in accounting for significant financing component and borrowing cost of joint venture	(890,855)	-
Additional investments	(4,396)	10,489
Share in net income for the year	2,526,569	2,460,747
At December 31	7,260,375	5,629,057
Advances to a joint venture	1,990,096	2,590,096
Investments in various associates	133	133
	9,250,604	8,219,286

(a) Investment in and advances to a joint venture

On March 22, 2018, the Parent Company entered into a Joint Venture Agreement (the “Agreement”) with Robinsons Land Corporation (RLC) for the construction and development of a mixed-use condominium project (known as Aurelia Residences). Within two (2) months from the effective date of the Agreement, the parties shall establish the joint venture company (“JVC”) and shall execute the Articles and By-Laws of the JVC. On May 23, 2018, the SEC approved the Certificate of Incorporation of Shang Robinsons Properties, Inc. (SRPI). SRPI is jointly controlled by the Parent Company and RLC, each holding 50% interest.

The registered office address of SRPI, which is also its principal place of business, is at Cyber Sigma, Lawton Avenue, Taguig City.

The authorized capital stock of SRPI is P3 billion divided into 3 billion common shares with par value of P1 per share. On April 19, 2018, the Parent Company subscribed and paid in full the amount of P1 billion equivalent to 1 billion common shares at P1 per share.

SRPI is engaged in: (i) the business of developing properties into mixed-use developments, (ii) the marketing and sale of the residential condominium units in the project, (iii) and the lease of serviced apartment units and/or commercial units in the project.

SRPI launched Aurelia Residences, it’s first project, in 2019 and had since then presold 90% of its condominium units. As at December 31, 2024, the Aurelia Residences Project is 89% complete (2023 - 65%). In 2020, the Parent Company and RLC entered into another joint venture agreement to develop a parcel of land located at the Bridgetowne Estate in Pasig City. The project (known as Haraya Residences) was launched in 2023. As of December 31, 2024 Haraya Residences - South Tower is 75% sold out and 20% completed (2023 – 7%) while the North Tower is 19% completed.

In 2024, the Group’s share in net income of the joint venture amounted to P2.5 billion (2023 - P2.5 billion; 2022 - P1.4 billion).

In 2019, advances amounting to P1 billion were extended to SRPI by the Parent Company. These advances matured on April 1, 2023 and bear interest at a rate of 4%. The advances were partially collected in 2023 amounting to P750 million. The remaining balance has been agreed to be collectible at a future date to be subsequently determined and agreed upon by both parties.

In 2021, an additional P1.59 billion advances was extended to SRPI with the same interest rate, as indicated above. The above advances were made to finance working capital requirements of SRPI.

Interest income earned from these advances amounted to P75.1 million in 2024 (2023 - P91.9 million; 2022 - P106.2 million) (Note 23).

Summarized financial information of SRPI as at and for the years ended December 31 are presented below:

	2024	2023
Cash and cash equivalents	241,383	676,345
Other current assets	15,642,793	12,309,276
Current assets	15,884,176	12,985,621
Non-current assets	7,174,495	8,977,186
Total assets	23,058,671	21,962,807
Financial liabilities (excluding trade payables)	2,172,357	3,082,750
Other current liabilities	406,059	433,067
Current liabilities	2,578,416	3,515,817
Financial liabilities (excluding trade payables)	3,781,693	5,988,279
Other current liabilities	2,300,199	1,331,775
Non-current liabilities	6,081,891	7,320,053
Total liabilities	8,660,307	10,835,870
Net assets	14,398,364	11,126,937
Revenue	10,799,033	10,809,146
Depreciation and amortization	1,568	833
Interest income	800,079	-
Interest expense	(200,515)	-
Income tax expense	(1,302,286)	(1,355,003)
Net income for the year	5,053,138	4,921,494
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,053,138	4,921,494

The reconciliation of SRPI's net assets multiplied by the ownership interest and the carrying amount of each investment as at December 31, are shown in the table below:

	2024	2023
Net assets	14,398,364	11,126,937
Effective ownership interest	50%	50%
	7,199,182	5,563,469
Additional investments	61,193	65,588
	7,260,375	5,629,057

(b) Investments in various associates

The Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

Critical accounting judgment - Recoverability of investment and advances

The Group's investments in associates and a joint venture are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. Management has assessed that all investments and advances are fully recoverable as there are no impairment indicators as of reporting date.

Significant accounting judgment - joint control assessment

Management has assessed that in the joint venture agreement, the contractual arrangement gives the investors control of the arrangement collectively, and decisions about the relevant activities require the unanimous consent of both entities, and therefore, joint control exists. Furthermore, the rights and obligations considering the structure and legal form of the arrangement indicates that the Parent Company has rights to the net assets of SRPI and therefore, the arrangement is classified as a joint venture.

(c) Acquisition

On October 23, 2024, The Parent Company acquired 100% of the issued share capital of Rapidshare Realty and Development Corporation (RRDC) for a cash consideration of P2,526,268,000. RRDC is a company primarily engaged in the development, sale, and lease of real estate properties. The acquisition is accounted for as an asset acquisition.

The assets and liabilities recognized as a result of the acquisition are as follows:

	Amount
Cash	40
Raw land inventory	229,806
Prepayments and other current assets	15,756
Investment property, net	385,739
Deferred tax assets, net	415
Net assets acquired	631,756

There were no acquisitions in the year ended December 31, 2023.

Purchase consideration – cash outflow

	Amount
Cash outflow, net of cash acquired	
Cash consideration	2,526,268
Less: Cash balance acquired	40
Net outflow of cash – investing activities	2,526,228

Revenue and profit contribution

The acquired business does not have material revenues and net profit for the year ended December 31, 2024.

9 Non-controlling interests

The proportion of equity interest held by the non-controlling interest (NCI) of KSA and SGCPI, the Group's subsidiaries with NCI that are deemed material, are as follows:

	2024	2023
KSA	29.96%	29.96%
SGCPI	40.00%	40.00%

The summarized financial information of subsidiaries with material NCI are provided below. The information is based on amounts before inter-company eliminations.

(a) KSA Realty Corporation

	2024	2023
Summarized statements of financial position		
Current assets	210,053	200,260
Current liabilities	317,106	360,020
Non-current assets	10,666,335	10,664,177
Non-current liabilities	2,431,615	2,362,582
Equity	8,127,666	8,141,836
Equity attributable to:		
Equity holders of the Parent Company	5,692,617	5,702,542
NCI	2,435,049	2,439,294
	8,127,666	8,141,836
Dividends declared to NCI	197,736	186,950

	2024	2023	2022
Summarized statements of comprehensive income			
Revenues	913,290	904,133	948,079
Cost and expenses	(132,978)	(141,255)	(118,057)
Other income (expense), net	12,888	2,647	(1,300)
Income before income tax	793,200	765,525	828,722
Income tax expense	(146,953)	(141,575)	(152,626)
Net income for the year	646,247	623,950	676,096
Other comprehensive income (loss) income	(417)	-	58
Total comprehensive income	645,830	623,950	676,154
Net income attributable to:			
Equity holders of the Parent Company	452,631	437,015	473,268
NCI	193,616	186,935	202,828
	646,247	623,950	676,096
Total comprehensive income attributable to:			
Equity holders of the Parent Company	452,339	437,015	473,308
NCI	193,491	186,935	202,846
	645,830	623,950	676,154

	2024	2023	2022
Summarized statements of cash flows			
Operating activities	657,650	626,656	668,835
Investing activities	(1,719)	(261)	(160)
Financing activities	(660,000)	(624,000)	(705,000)

(b) Shang Global City Properties, Inc.

	2024	2023
Summarized statements of financial position		
Current assets	1,799,592	977,511
Current liabilities	1,463,398	862,886
Non-current assets	6,983,466	7,412,525
Non-current liabilities	161,974	131,734
Equity	7,157,685	7,395,417
Equity attributable to:		
Equity holders of the Parent Company	4,294,611	4,437,250
NCI	2,863,074	2,958,167
	7,157,685	7,395,417

	2024	2023	2022
Summarized statements of comprehensive income			
Revenues	4,519,414	4,203,092	2,844,976
Cost of sales and services	(2,216,925)	(2,162,591)	(1,765,362)
Operating expenses	(907,020)	(829,387)	(478,381)
Other charges, net	9,288	112,673	(93,033)
Income before income tax	1,404,757	1,323,787	508,200
Income tax benefit (expense)	(351,112)	(333,274)	(131,067)
Net income (loss) for the year	1,053,645	990,513	377,133
Other comprehensive income (loss)	(1,376)	-	-
Total comprehensive income (loss)	1,052,269	990,513	377,133
Net income (loss) attributable to:			
Equity holders of the Parent Company	632,187	594,308	226,280
NCI	421,458	396,205	150,853
	1,053,645	990,513	377,133
Total comprehensive income attributable to:			
Equity holders of the Parent Company	631,361	594,308	226,280
NCI	420,908	396,205	150,853
	1,052,269	990,513	377,133

	2024	2023	2022
Summarized statements of cash flows			
Operating activities	910,887	1,550,803	1,256,381
Investing activities	(63,093)	136,926	(50,437)
Financing activities	(3,358)	(1,402,779)	(1,040,452)

Dividends amounting to P1.29 billion were declared and paid by SGCPI in 2024 (P0 – 2023).

10 Investment properties

This account consists of properties that are either held for capital appreciation or for rental purposes or both. The Group’s investment properties are carried at fair value. Details of this account as at December 31 are as follows:

	Note	Land	Buildings	Total
At January 1, 2023		15,905,947	20,065,983	35,971,930
Transfers due to change in use from properties held for sale	6	-	85,725	85,725
Capitalized subsequent expenditures		-	1,231,618	1,231,618
At December 31, 2023		15,905,947	21,383,326	37,289,273
Transfers due to change in use from properties held for sale	6	-	121,643	121,643
Capitalized subsequent expenditures		-	4,582,794	4,582,794
Fair value gain		4,800,837	399,868	5,200,705
At December 31, 2024		20,706,784	26,487,631	47,194,415

The transfers relate to construction and development costs incurred during the period attributable to the retail portion of The Rise Makati condominium (Note 6).

Capitalized subsequent expenditures pertain to the construction and development costs incurred for Shang One Horizon project.

As at December 31, 2024 and 2023, the fair values of the properties are based on valuations performed by an independent external appraiser engaged by the management. The valuation models are in accordance with that recommended by the International Valuation Standards Committee.

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

The current use of these properties is their highest and best use.

The amounts recognized in the consolidated statements of comprehensive income for investment properties for the years ended December 31 are as follows:

	2024	2023	2022
Rental revenue	2,655,471	2,516,453	2,147,405
Cinema revenue	28,949	23,987	17,675
Total rental and cinema revenue	2,684,420	2,540,440	2,165,080
Cost of rental and cinema	(101,775)	(70,883)	(174,018)
Profit arising from investment properties carried at fair value	2,582,645	2,469,557	1,991,062

Cost of rental and cinema include share in common expenses, real property taxes and insurance expenses (Note 20).

The Group (as a lessor) has cancellable lease agreements with third parties covering the freehold buildings and their improvements. The lease arrangements are either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Critical accounting estimate and assumption - Determination of fair values of investment properties

Information on the fair value of investment property as at December 31 as to hierarchy is as follows:

	2024		
Fair value of hierarchy	Land	Buildings	Total
Level 2	19,198,636	21,205,309	40,403,945
Level 3	1,832,701	4,957,769	6,790,470
Total	21,031,337	26,163,078	47,194,415

	2023		
Fair value of hierarchy	Land	Buildings	Total
Level 2	10,223,517	2,995,047	13,218,564
Level 3	6,972,804	17,097,905	24,070,709
Total	17,196,321	20,092,952	37,289,273

(a) Fair value of condominium units and other properties (Level 2)

The fair values of the Group's condominium units and properties are determined using the market comparison approach (Level 2). Under the market comparison approach, a property's fair value is estimated based on comparable transactions adjusted for bargaining allowance, marketability, location, size and terrain. The market comparison approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

These investment properties relate to individually immaterial land and building properties whose fair values have been determined in the prior years and are subject to reassessment in accordance with the Group's accounting policy. For sensitivity analysis purposes, any +/- 1% change in market rental value per square meter would increase/decrease total assets and pre-tax income in 2024 by P404 million (2023 – P132 million).

(b) Fair value of retail and office spaces (Level 3)

The following table presents the valuation techniques and unobservable key inputs used to value the following investment properties:

Investment property type	Fair value as at December 31, 2024 and 2023	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Building (The Enterprise Center (Office))	P10,663,732	Direct income capitalization	Rental value	P1,680 per square meter (2023 - P1,680)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	95% (2023 - 95%)	
			Expense-revenue ratio	5.55% (2023 - 5.55%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Discount rate	11.37% (2023 - 11.37%)	
Land and building (Main wing and east wing of Shangri-La Plaza mall (Retail), including the land where the property is located)	P12,232,029 (Land – P 5,871,374; Building – P6,360,655)	Direct income capitalization	Rental value	P1,700 per square meter (2023 - P1,700)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	96% (2023 - 96%)	
			Expense-revenue ratio	23% (2023 - 23%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Discount rate	12.37% (2023 - 12.37%)	

The fair values of these properties are calculated using the direct income capitalization approach (Level 3). In applying the direct income capitalization approach, the stabilized net operating income (NOI) of each property is divided by an appropriate capitalization rate. Stabilized NOI is computed at revenue less property operating expenses adjusted for items such as average lease up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items. Discount rate is based on actual location, size and quality of the property and considering any available market data at the valuation date.

Generally, an increase in stabilized NOI will result in an increase in the fair value of an investment property. An increase in the discount rate will result in a decrease in the fair value of an investment property. The discount rate magnifies the effect of a change in stabilized NOI, with a lower discount rate resulting in a greater impact of a change in stabilized NOI than a higher discount rate.

The following are the significant unobservable inputs:

- Rental value average rental rate per square meter paid by tenants based on the asking price in the market;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Occupancy rate based on current and expected future market conditions after expiry of any current lease; and
- Expense - revenue ratio total direct operating expenses for the entire property based on budget.

For sensitivity analysis purposes, any +/- 1% change in market rental value per square meter would increase/decrease total assets and pre-tax income in 2024 by P68 million (2023 - P241 million).

<u>*Critical accounting judgments*</u>

(a) Distinction between properties held for sale, investment properties, and property and equipment.

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

- Properties held for sale comprise properties that are held for sale in the ordinary course of business. These are condominium units that the Group acquired or developed and intends to sell.
- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Group, but are held primarily to earn rental income or capital appreciation; and
- Property and equipment generate cash flows that are attributable not only to the property but also to the other assets used in the operations of the Group.

In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group.

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

(b) Classification of leases as operating lease

The Group (as a lessor) has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

The carrying values of investment properties as at December 31, 2024 and 2023 are disclosed in the previous table.

11 Financial assets at fair value through other comprehensive income

This account consists of equity securities as follows:

	2024	2023
Unquoted securities	488,430	488,430
Quoted securities	9,101	9,101
Acquisition cost	497,531	497,531
Cumulative changes in fair value	349,237	331,937
Fair value	846,768	829,468

The fair values of the unquoted equity securities are based on the net asset value of the underlying assets of investee companies which are mainly investment properties consisting of land and buildings which are measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3. Estimated fair value of assets classified as Level 3 are considered not significant relative to the overall size of the Group's total assets.

The quoted equity securities consist of investments in various golf club shares and stocks. These are carried at fair values which are based on the quoted market prices (Level 1) as at the reporting date.

The cumulative changes in fair values of unquoted and quoted equity shares are presented as part of other comprehensive income in the consolidated statements of financial position.

The movements in the cumulative changes in fair value recognized as other comprehensive income in the statement of financial position for the years ended December 31 are as follows:

	2024	2023
At January 1	270,923	256,473
Gain on fair value adjustment	17,300	17,000
Deferred income tax effect	(2,595)	(2,550)
At December 31	285,628	270,923

12 Property and equipment, net

Details of property and equipment, net, as at December 31 and their movements during the years are as follows:

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2024	9,609,092	62,535	7,108,417	16,780,044
Additions	13,158	15,861	102,772	131,791
Reclassification	224	-	-	224
Disposals	-	-	(13,206)	(13,206)
At December 31, 2024	9,622,474	78,396	7,197,983	16,898,853
Accumulated depreciation and amortization				
At January 1, 2024	1,731,776	46,531	4,755,672	6,533,979
Depreciation and amortization	129,913	6,682	259,750	396,345
Disposals	-	-	(11,981)	(11,981)
At December 31, 2024	1,861,689	53,213	5,003,441	6,918,343

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2023	9,641,838	53,959	7,035,247	16,731,044
Additions	28,800	8,576	80,465	117,841
Disposals	(61,546)	-	(7,295)	(68,841)
At December 31, 2023	9,609,092	62,535	7,108,417	16,780,044
Accumulated depreciation and amortization				
At January 1, 2023	1,599,451	43,890	4,513,629	6,156,970
Depreciation and amortization	132,325	2,641	242,161	377,127
Disposals	-	-	(118)	(118)
At December 31, 2023	1,731,776	46,531	4,755,672	6,533,979
Net book values at				
At December 31, 2024	7,760,785	25,183	2,194,542	9,980,510
At December 31, 2023	7,877,316	16,004	2,352,745	10,246,065

Depreciation and amortization were allocated as follows:

	Note	2024	2023	2022
Cost of sales and services	20	353,537	343,121	352,667
Operating expenses		35,464	34,006	32,036
Capitalized under property held for sale		7,345	-	3,235
		396,346	377,127	387,938

The Group has no restrictions on the realizability of its property and equipment and no contractual obligations to purchase, construct or develop property and equipment or for repairs, maintenance and enhancements.

Critical accounting estimate - Useful lives of property and equipment

The useful life of each item of the Group's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimate is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease non-current assets. In 2024 and 2023, there were no changes in the estimated useful lives of property and equipment.

The Group considers it impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the estimates and assumptions considering that the asset utilization and anticipated use of assets vary. However, it is reasonably possible, on the basis of existing knowledge, that a change in the estimated useful life of an item of the Group's assets subject to depreciation brought about by changes in the factors mentioned above would impact the recorded depreciation expense and the carrying amount of the assets.

Critical accounting judgment - Impairment of non-financial assets

The Group reviews its non-financial assets, such as investments in associates and in a joint venture (Note 8) and property and equipment (Note 12), for any indicator of impairment in value. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Group determines the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and value in use.

Given historical profitable operations and profit projections, the Group has assessed that there are no impairment indicators with respect to the non-financial assets as at December 31, 2024 and 2023.

13 Goodwill

Goodwill acquired through business combinations has been allocated to SGCPI, the CGU, for impairment testing purposes.

The recoverable amount of the CGU has been based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow is 11.05% (2023 - 6.37%). Cash flows beyond the five-year period are extrapolated using a steady growth rate of 4.75% (2023 - 6.09%), which does not exceed the compounded annual growth rate for the real estate industry. As a result of the analysis, management did not identify impairment for this CGU.

14 Other non-current assets

Other non-current assets as at December 31 consist of:

	Note	2024	2023
Advances to contractors and suppliers, noncurrent		1,233,752	1,203,589
Refundable deposits		72,111	196,663
Retirement benefit asset	24	402	13,241
Deferred input VAT		319	2,807
Other noncurrent assets		117,537	-
		1,424,121	1,416,300

Advances to contractors and suppliers

Advances to contractors and suppliers pertain to initial payments made by the Group for the construction and development of its investment property under construction. These are applied as payments of progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

Refundable deposits

Refundable deposits include cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values.

15 Accounts payable and other current liabilities

Accounts payable and other current liabilities as at December 31 consist of:

	Notes	2024	2023
Trade:			
Accounts payable		666,894	1,012,735
Advance rentals	29	181,022	207,672
Accrued expenses:			
Construction		467,989	728,275
Employee benefits		209,149	198,268
Commission		156,541	52,493
Titling cost		100,702	120,955
Outside services		88,943	89,402
Utilities		30,468	36,943
Professional fees		16,871	6,945
Repairs and maintenance		11,254	16,004
Advertising and promotion		2,351	2,119
Taxes		-	21,111
Others		625,422	430,404
Retention payables		761,057	496,407
Customers' deposits from:			
Condominium buyers		528,404	301,814
Hotel guests		198,868	169,309
Advances from condominium unit buyers		58,535	58,498
Construction bonds		78,172	73,695
Contract liabilities		222,150	52,272
Payable to contractors and suppliers		842	51
Reservation payables		35,306	134,056
Non-trade:			
Deferred output VAT		5,898	45,518
Payable to related parties	27	176,282	81,889
Payable to government agencies		69,946	47,158
Output VAT		263,972	778,843
Others	28	383,700	159,645
		5,340,738	5,322,481

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

Advance rentals pertain to the three-month rent collected from tenants to be applied to the last three (3) months of the lease term.

Retention payables represent the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Customers' deposits from condominium buyers represent initial collections (e.g. down payments) received from the buyers which shall be applied as payment of the transaction price when the sales contract meets the requirements of PFRS 15 for revenue recognition purposes while deposits from hotel guests are advances made by guests in relation to their stay in the hotel and will be applied against the guests' hotel charges upon their check-out.

Advances from condominium unit buyers mainly pertain to amounts collected from buyers upon unit turnover, which are intended to pay for expenses incurred in process of transferring title to the buyers, utility deposits and real property taxes during titling period. These amounts are liquidated after title has been transferred to the buyer and any excess is refunded to the buyer.

Construction bonds pertain to cash deposits posted by tenants as security for any expenses or damages that may be incurred by SLPC to the leased premises or common areas that may be sustained in relation to construction activities conducted by the tenants during fit-out, as well as during renovation period of the lease. It is normally returned to the tenants within six months after completion of their construction activities.

Contract liabilities represent any excess collections received from buyers over the revenue recognized based on the percentage of completion method. The amount is expected to be applied against revenue in the following year.

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

Reservation payables pertain to cash paid by the buyers of condominium units for the reservation of the units purchased. These shall be considered as part of the down payment on the units purchased upon execution of the contracts or income if the reservation is forfeited when the buyer did not push through with the purchase.

Deferred output VAT is the result of the difference in the application of installment method between the accounting policy of the Group and the tax regulations. It will be reclassified to output VAT payable when the collections from condominium unit buyers warrant recognition of revenue.

Payable to government agencies are expected to be settled within the next financial year.

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

Other accrued expenses consist of accruals for advertising and promotions, insurance, other employee related costs and other general and administrative expenses. Other current liabilities pertain mainly to taxes and insurance.

16 Bank loans

Bank loans, net of debt issue costs, as at December 31 consist of:

	2024	2023
Current portion	11,055,000	10,115,000
Non-current portion	7,040,000	-
	18,095,000	10,115,000

Movements in the bank loans as at December 31 are as follows:

	2024	2023
At January 1	10,115,000	8,306,192
Amortized debt issue cost	-	3,808
Proceeds from loan availments	8,740,000	3,175,000
Payments	(760,000)	(1,370,000)
At December 31	18,095,000	10,115,000

The repayments of the above bank loans are scheduled as follows:

Year	2024	2023
2024	10,115,000	10,115,000
2029	68,700	-
2030	68,700	-
2031	68,700	-
2032	68,700	-
2033	68,700	-
2034	6,696,500	-
	18,095,000	10,115,000

Total interest expense arising from these loans as shown in the consolidated statements of comprehensive income in 2024 amounted to P28.5 million (2023 - P34 million; 2022 - P99.3 million) (Note 23). Total capitalized interest amounted to P958 million in 2024 (2023 - P429 million; 2022 - P231 million) and was included as part of investment properties (Note 10). The capitalization rate used to determine the amount of capitalized interest which is the weighted average interest rate applicable to the Group's general borrowings during the year is 5.65% (2023 - 5.8%).

Bank loans of the Parent Company as of December 31 consist of unsecured short-term and long-term loans. These are composed of unsecured short-term loans from various banks with interest rates ranging from 6.0% to 6.4% (2023 - 6.0% to 6.4%). The short-term loans have payment terms of 3 to 12 months (2023 - 3 to 12 months).

On August 28, 2024, the Parent Company and the Bank of the Philippine Islands (BPI) entered into a loan agreement wherein BPI agreed to provide a ten-year term loan with principal amount not exceeding P15 billion to finance construction and development costs, capital expenditures, refinancing of existing debts and other general corporate purposes. The applicable interest rates are either the floating interest rate or the fixed interest rate, to be applied to each drawdown at the option of the Company.

As of December 31, 2024, the total cumulative amount of drawdown amounts to P7.04 billion.

Under the terms of the borrowing facility with BPI, the Company is required to comply with the financial covenant of maintaining its debt-to-tangible net worth ratio below 3:1. This is calculated by dividing the carrying amount of bank loans with the total assets less intangible assets and total liabilities in the statement of financial position. The Company has complied with this covenant throughout the reporting period.

17 Deposits from tenants

This account represents non-interest-bearing rental deposits from tenants. Deposits from tenants is based on the present value of estimated future cash flows using applicable market rates at reporting date. The difference between the discounted and face value of the deposits is recognized as deferred lease income. Deferred lease income is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income. Interest is accreted on the deposits from tenants using the effective interest rate method and is recognized as additional interest expense in profit or loss.

Details of deposits from tenants as at December 31 and their movements during the years are as follows:

	2024	2023
At January 1	1,030,817	1,005,279
Net additions	9,258	8,221
Accretion of interest	32,320	17,317
	1,072,395	1,030,817

	2024	2023
Current portion	570,017	710,830
Non-current portion	502,378	319,987
	1,072,395	1,030,817

Details of deferred lease income as at December 31 and its movement during the years are as follows:

	2024	2023
At January 1	36,404	42,197
Additions	54,273	13,900
Amortization	(33,718)	(19,693)
At December 31	56,959	36,404

	2024	2023
Current portion	27,176	11,566
Non-current portion	29,783	24,838
	56,959	36,404

18 Equity

(a) Share capital, share premium and treasury shares

Details of share capital and share premium at December 31, 2024 and 2023 are as follows:

	Absolute number of shares	Amount
Authorized, at P1 par value per share		
Common shares	8,000,000,000	8,000,000
Issued and outstanding shares		
Common shares	4,764,058,982	4,764,059
Share premium		834,440
		5,598,499

In 2007, the Parent Company repurchased 2,140,645 common shares at a price of P3.20 per share or a total of P6.9 million and the amount is presented as treasury shares in the consolidated statements of financial position.

The Parent Company is listed in the Philippine Stock Exchange (PSE). It was registered on June 13, 1991 with total listed shares of 4,764,058,982 which was initially issued at P1.18 per share. There were no subsequent listings since the initial listing with PSE.

As at December 31, 2024, the Parent Company has 5,127 shareholders (2023 - 5,127). The details of the Parent Company's shareholders are disclosed in the annual report.

(b) Other comprehensive income

Details of other comprehensive income at December 31 are as follows:

	Cumulative changes in fair value of financial assets at FVOCI (Note 11)	Cumulative translation adjustments	Remeasurement of retirement benefit plan (Note 24)	Total other comprehensive income
Balances at January 1, 2022	257,284	(1,628)	13,151	268,807
Other comprehensive income (loss)	(811)	2,717	3,626	5,532
Balances at December 31, 2022	256,473	1,089	16,777	274,339
Other comprehensive income (loss)	14,450	6,627	(5,703)	15,374
Balances at December 31, 2023	270,923	7,716	11,074	289,713
Other comprehensive income (loss)	14,705	-	(2,551)	12,154
Balances at December 31, 2024	285,628	7,716	8,523	301,867

(c) Retained earnings

As at December 31, 2024, total unrestricted retained earnings of the Parent Company amounted to P30.3 billion (2023 - P24.4 billion). The Parent Company’s unrestricted retained earnings exceeded its share capital by P24.3 billion (2023 - P18.4 billion). The excess retained earnings include accumulated fair value gain of P13.77 billion (2023 - P9.87 billion) which are not considered available for dividend declaration.

The management of the Parent Company plans to use the excess retained earnings to support the Parent Company’s working capital requirements, planned business growth and expansion strategies. Further the Parent Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008 (Note 19).

19 Dividends

The Parent Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008. The Parent Company's Board of Directors approved the declaration of the following cash dividends for the years ended December 31 and until the approval of these financial statements.

2025				
March 12, 2025	March 28, 2025	April 11, 2025	0.183	869,917
2024				
March 19, 2024	April 4, 2024	April 15, 2024	0.155	739,385
August 28, 2024	September 16, 2024	September 26, 2024	0.134	640,289
				1,379,674
2023				
March 22, 2023	April 11, 2023	April 21, 2023	0.155	738,097
August 17, 2023	September 8, 2023	September 22, 2023	0.134	640,000
				1,378,097
2022				
March 24, 2022	April 8, 2022	April 20, 2022	0.070	333,234
August 31, 2022	September 15, 2022	September 27, 2022	0.095	452,382
				785,616

Cash dividends paid during 2024 amount to P1.4 billion (2023 - P1.4 billion; 2022 - P786.3 million). These include payments to non-controlling shareholders of subsidiaries amounting to P713 million (2023 - P186.8 million; 2022 - P211.2 million).

20 Cost of sales and services

The components of cost of sales and services for the years ended December 31 are as follows:

(a) Cost of condominium sales

	Note	2024	2023	2022
Construction cost		1,308,005	824,441	680,467
Land cost		154,158	406,156	175,493
Commission expense		152,401	155,669	117,418
Project management		140,018	42,838	161,090
Permits and other expenses		86,046	(272,922)	33,017
Design and professional fees		51,267	19,576	38,773
Sales and marketing expense		19,775	979	14,435
Titling Cost		13,790	56,702	5,755
Makati Commercial Estate Association (MACEA) fees		3,575	-	80
Insurance		829	52	30
Others		101,365	-	-
	6	2,031,229	1,233,491	1,226,558

(b) Cost of rental and cinema

	Note	2024	2023	2022
Real property taxes		85,063	80,030	81,626
Insurance		43,014	37,217	36,102
Share in common expenses		(26,302)	(46,364)	56,290
	10	101,775	70,883	174,018

(c) Cost of hotel operations

	Note	2024	2023	2022
Food and beverages		955,345	935,365	402,036
Utilities and maintenance		485,266	496,932	379,480
Depreciation and amortization	12	353,537	343,121	352,667
Staff costs		274,000	249,191	278,675
Property tax and insurance		-	-	108,193
Supplies		-	-	62,556
Others		148,777	137,737	145,869
		2,216,925	2,162,346	1,729,476

Others consist of telephone, fax, postage, subscriptions, publications, and hotel guest entertainment expenditures.

21 Staff costs

The components of staff costs for the years ended December 31 are as follows:

	Note	2024	2023	2022
Salaries and wages		531,349	499,226	526,014
Employee benefits		98,840	54,549	28,514
Retirement benefits costs	24	90,708	37,362	36,032
Others		19,579	43,694	12,691
		740,476	634,831	603,251

22 Other operating expenses

The components of other operating expenses for the years ended December 31 are as follows:

	2024	2023	2022
Advertising	500,522	415,344	211,967
Janitorial, security and other services	251,744	337,176	40,885
Professional fees	120,082	70,824	180,167
Commission	101,112	30,923	2,502
Condominium dues	61,956	66,735	43,763
Systems license and maintenance	58,750	37,487	103,789
Utilities	43,849	43,813	40,787
Donations	41,480	51,050	168,442
Repairs and maintenance	16,042	21,529	15,693
Rent	10,959	7,915	1,548
Transportation and travel	10,119	8,923	3,382
Telephone and communication	9,949	10,615	10,017
Supplies	9,972	7,625	7,162
Carpark expense	5,436	2,206	6,730
Entertainment, amusement and recreation	3,837	3,507	2,259
Reproduction charges	3,661	2,444	1,190
Membership fees and dues	3,434	2,350	4,545
Gas and oil	1,582	2,673	2,500
Provision (recovery of) for doubtful accounts	285	(51)	157
Subscriptions, books and manuals	199	215	29
Others	123,294	87,135	63,105
	1,378,264	1,210,438	910,619

Donations in 2022 were made to accredited donor institutions to support various feeding programs, livelihood projects, and typhoon relief operations.

Systems license and maintenance in 2022 pertains to IT related management and license fees under the hotel operations.

Rent pertains to payments associated with short-term leases.

Others mainly pertain to credit card service fees under the hotel operations.

23 Finance income, other income, and finance costs

The components of interest income, other income, and interest expense and bank charges for the years ended December 31 are as follows:

(a) Finance income

	Notes	2024	2023	2022
Interest arising from:				
Advances to a joint venture	8	75,148	91,882	106,193
Cash in banks and cash equivalents	3	40,646	22,141	7,063
Overdue accounts from tenants		9,021	10,745	27,480
Installment contracts receivable	5	-	-	92,399
Others		-	461	-
		124,815	125,229	233,135

(b) Other income, net

	Note	2024	2023	2022
Dividend income		53,744	8,168	668
Administration and management fee		82,491	74,235	44,614
Forfeited security deposits		13,144	111,883	12,278
Other rental revenue		5,026	9,337	1,874
Signage fee		19,195	7,308	6,823
Banner income		3,080	246	-
Gain on sale of property and equipment		265	1,313	374
Income from ancillary services		9,987	189,464	3,734
Income from back-out buyers		22	-	12,417
(Loss) gain on fair value adjustments of financial assets at fair value through profit or loss	4	(2,510)	4,012	577
Others		32,631	(18,434)	17,246
		217,075	387,532	100,605

Others in 2024 pertains to reversal of outstanding accruals for various operating expenses of the Group.

(c) Finance costs

	Notes	2024	2023	2022
Interest expense on bank loans	16	28,451	33,715	99,307
Accretion of interest on deposits from tenants	17	35,678	17,317	9,205
Bank charges		1,813	1,087	936
		65,942	52,119	109,448

24 Retirement benefit liability

The Group, except SGCPI, has a funded, non-contributory defined benefit plan, providing death, disability and retirement benefits for all of its regular employees. Under this plan the normal retirement age is 60 years old and completion of at least five (5) years of service. Normal retirement benefit consists of a lump sum benefit equivalent to 125% of the employee's final pay for every year of service.

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

The retirement benefit obligation is determined using the “Projected Unit Credit Cost” (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The actuarial present value of the retirement benefit obligation under the plan is measured in terms of actuarial assumptions for discount rate, salary increases, retirement rates and mortality using the 2017 Philippine Intercompany Mortality Table. The discount rates used is a single weighted average rate based on rates as published in the Bankers Association of the PHP BVAL at various tenors. Rate for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate. The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan's investments are in the form of investments in debt instruments and cash deposits to universal and commercial banks. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets is invested in investments in debt instruments and cash deposits to universal and commercial banks.

(b) Interest rate risk

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using single weighted average rate based on PHP-BVAL rates. A decrease in rate will increase the defined benefit obligation. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Group. However, the Group believes that due to the long-term nature of the pension benefit obligation, the investment holdings of the plan is an appropriate element of the Group’s long-term strategy to manage the plan efficiently.

(c) Longevity risk

The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

(d) Salary risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

The management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plans. The Group's current strategic investment strategy mainly consists of treasury notes and bonds accounting for 99% of the total plan assets.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Group’s plan assets consist of investment in debt instruments and cash in banks. The Group believes that equities offer the best returns over the long term with an acceptable level of risk.

The actuarial valuation of the Group’s retirement plan was performed by an independent actuary. The latest actuarial valuation report prepared was for the year ended December 31, 2024. The principal assumptions used by the actuary for the years ended December 31 are as follows:

	2024	2023	2022
Discount rate	6.12%	7.10%	7.10%
Salary increase rate	5.00%	5.00%	5.00%

The retirement benefit assets and liabilities recognized in the consolidated statements of financial position as part of “other non-current assets” and “retirement benefit liability” amount to P11.2 million and P171.2 million, respectively (2023 - P13.2 million and P126.9 million, respectively).

The net defined benefit obligation as at December 31 is determined as follows:

	2024	2023
Present value of defined benefit obligations	392,566	318,936
Fair value of plan assets	(232,500)	(205,237)
Retirement benefit liability	160,066	113,699

The components of retirement expense for the years ended December 31 recognized in the consolidated statements of total comprehensive income included under staff costs account are as follows:

	Note	2024	2023	2022
Current service cost		35,634	34,003	34,472
Past service cost		52,537	-	-
Net interest cost		2,537	3,359	1,560
Pension expense	21	90,708	37,362	36,032

Changes in the present value of the defined benefit obligation for the years ended December 31 are as follows:

	2024	2023
At January 1	318,936	261,441
Interest cost	35,716	18,999
Current service cost	35,634	34,003
Past service cost	52,537	-
Benefits paid directly by the Group	(47,743)	(3,112)
Remeasurement losses (gains) from:		
Experience adjustments	(1,170)	1,999
Changes in financial assumptions	(1,344)	5,606
At December 31	392,566	318,936

Changes in the fair value of plan assets for the years ended December 31 are as follows:

	2024	2023
At January 1	205,237	189,597
Interest income	33,179	15,640
Losses on plan assets	(5,916)	-
Benefits paid from plan assets	-	-
At December 31	232,500	205,237

Apart from the benefit payments to certain qualified employees advanced by the Group and the contributions to the plan as presented above for the years ended December 31, 2024 and 2023, the Group had no other transactions with the plan.

Details of plan assets as at December 31 are as follows:

	2024	2023
Cash in banks	1	45
Money market deposits and trust funds	14	2,069
Investments in equity	230,775	13,891
Investments in debt instruments:		
Treasury notes and bonds	1,270	150,398
Corporate notes and bonds	440	38,834
	232,500	205,237

At December 31, 2024 and 2023, the Group’s plan assets (investment in debt instruments) are determined by reference to published price quotations in an active market (classified as Level 1 in the fair value hierarchy).

There are no plan assets invested in related parties as at and for the years ended December 31, 2024 and 2023.

Expected contribution to post-employment benefit plans for the year ending December 31, 2025 amounts to P84.6 million.

The weighted average duration of the defined benefit obligation is 8.27 years.

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2024	2023
Less than a year	93,769	69,808
Between one and five years	129,352	119,139
Over five years	903,770	1,173,172
	1,126,891	1,362,119

Critical accounting estimate - Determining retirement benefit obligation

The Group maintains a qualified defined benefit retirement plan. The calculations of retirement costs of the Group are dependent upon the use of assumptions, including discount rates, expected return on plan assets, interest cost, future salary increases, benefits earned, mortality rates, the number of employee retirements, the number of employees electing to take lump-sum payments and other factors.

Actual results that differ from assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While the Group believes that the assumptions used are reasonable, differences in actual experience or changes in assumptions may materially affect the Group's retirement obligation and future expense.

In determining the long-term rates of return, the Group considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Group evaluates the expected long-term rate of return annually and adjusts such rate as necessary.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as follows:

	Increase (decrease)	
	2024	2023
Discount rate		
Increase by 1.0%	(16,740)	(15,709)
Decrease by 1.0%	18,853	11,262
Salary increase rate		
Increase by 1.0%	20,531	13,342
Decrease by 1.0%	(18,552)	(8,895)

The sensitivity is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit asset/liability recognized within the consolidated statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior years.

25 Income taxes

The components of income tax expense (benefit) for the years ended December 31 follows:

	2024	2023	2022
Current	848,440	457,727	360,309
Deferred	1,436,621	591,286	317,172
	2,285,061	1,049,013	677,481

Deferred income tax assets and liabilities as at December 31 consist of:

	2024	2023
Deferred income tax assets:		
Net operating loss carry over (NOLCO)	100,850	174,421
Advance rentals	46,276	51,918
Retirement benefit liability	22,356	31,146
Accrued expenses	32,532	28,326
Guest and banquets prepayments and deposits	32,441	46,050
Deferred lease income	28,663	17,585
Minimum corporate income tax (MCIT)	4,310	47,114
Unamortized funded past service cost	6,035	5,951
Allowance for doubtful accounts	277,496	1,199
Difference in profit, installment method versus PoC method	44,533	1,065
Unrealized loss on foreign exchange	2,017	1,034
Others	601	292
	598,110	406,101
Deferred income tax liabilities:		
Unrealized increase in fair value of investment property	(8,209,599)	(6,728,705)
Difference in profit, installment method versus PoC method	(891,458)	(741,571)
Unrealized increase in fair value of FVOCI	(52,705)	(50,245)
Interest income	(75,931)	(34,174)
Difference between cost of condominium sales for accounting and income tax purposes	(33,601)	(33,601)
Rent income per PFRS 16/PAS 17	-	(8,900)
Unrealized gain on foreign exchange	(30)	(125)
	(9,263,324)	(7,597,321)
Net deferred income tax liabilities	(8,665,214)	(7,191,220)

The balances of deferred income tax assets and liabilities presented in the consolidated statements of financial position are netted on a per entity basis as follows:

	2024	2023
Deferred income tax assets	172,741	224,928
Deferred income tax liabilities	(8,837,955)	(7,416,148)
	(8,665,214)	(7,191,220)

Realization of the future tax benefits related to the deferred income tax assets is dependent on many factors, including the Group’s ability to generate taxable income in the future. The Group’s management believes that the related future tax benefit will be realized.

Movements in net deferred income tax liabilities for the years ended December 31 are as follows:

	2024	2023
At January 1	(7,191,220)	(6,600,069)
Charged to profit or loss	(1,436,622)	(590,891)
Charged to other comprehensive income	(37,372)	(260)
At December 31	(8,665,214)	(7,191,220)

The details of deferred income tax assets on NOLCO at December 31 which could be carried over as deductible expense from taxable income for three (3) consecutive years following the year of incurrence are as follows:

Year incurred	Year of expiry	2024	2023
2020	2025	2,129,122	2,098,315
2021	2026	366,091	363,933
2022	2027	239,155	236,817
2023	2026	157,432	152,292
2024	2027	55,439	-
		2,947,239	2,851,357
Applied		(1,695,328)	(1,371,740)
		1,251,911	1,479,617
Deferred tax at 25%		312,878	326,413
Deferred tax at 20%		54	43,480
		312,932	369,893
Recognized		100,850	174,421
Unrecognized		212,082	195,472
		312,932	369,893

A reconciliation of the income tax expense computed at the statutory income tax rate and the effective income tax expense as shown in the consolidated statements of comprehensive income for the years ended December 31 follows:

	2024	2023	2022
Tax at statutory rate of 25%	3,064,197	1,787,642	1,166,411
Additions (reductions) to income tax resulting from:			
Non-deductible expenses	47,548	12,427	73,935
Unrecognized NOLCO	(5,559)	5,194	41,077
MCIT	986	4,927	0.1
Unrecognized other deferred tax	9,696	-	-
Tax difference for entities subject to 20% statutory rate	1	3	-
Dividend income	(1,297)	(2,042)	-
Interest income subjected to final tax	(6,585)	(6,676)	(29,304)
Other non-taxable income	(93,343)	(64,093)	(130,842)
Difference between itemized and optional standard deductions (OSD)	(98,941)	(73,182)	(88,268)
Share in net income of associates and a joint venture	(631,642)	(615,187)	(355,528)
Effective income tax expense	2,285,061	1,049,013	677,481

Income tax payable amounted to P293.1 million as at December 31, 2024 (2023 - P44.3 million).

Critical accounting judgment - Income tax

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognizes liabilities for tax audit issues when it is probable. The liabilities are based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Further, the Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. The Group expects to generate sufficient future taxable profits to allow all of its recognized deferred tax assets to be utilized.

26 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares in issue during the year.

Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

The computations of basic and diluted earnings per share for the years ended December 31 are as follows:

	2024	2023	2022
Net income attributable to the shareholders of Parent Company	9,356,554	5,518,419	3,634,479
Divided by the average number of outstanding common shares	4,764,059	4,761,918	4,761,918
Basic and diluted earnings per share	1.964	1.159	0.763

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

27 Related party transactions

In the normal course of business, the Group transacts with companies which are considered related parties. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group.

The transactions and outstanding balances of the Group with its related parties as at and for the years ended December 31 are as follows:

	2024		2023		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	
Affiliates					
Rental income (a) (Note 5)	121,119	35,008	119,317,640	36,550	Balances to be collected in cash and are due generally within 30 to 60 days. These are non-interest bearing and are not covered by any security.
Affiliates					
Management services (b)	40,640	66,406	33,078,396	55,245	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Reimbursed expenses (f)	39,877	2,907	8,291,528	2,410	
Affiliates share in Group's expenses (f)	2,869,160	1,096,072	801,847,711	169,598	
Advances (d)	-	1,144,188	-	1,144,188	
Associates					
Associates' share in Group's expenses (g)	4	7,022	2,500	7,019	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Total (Note 5)		2,351,603		1,415,010	
Affiliates					
Marketing, management and other service fees (c)	-	(20,783)	126,090,453	(34,533)	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Condominium dues (e)	5,313	(14,978)	59,827,134	(9,665)	
Group's share in affiliates' expenses (g)	5,168	(140,521)	370,049,652	(37,691)	
Total (Note 15)		(176,282)		(81,889)	

Affiliates pertain to entities that have common directors or key management personnel.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Board, with at least a majority of the independent directors voting to approve the material related party transaction. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company. For aggregate related party transactions within a twelve-month period which breaches the materiality threshold of ten percent (10%) of the Group's total assets, the same board approval shall be required for the transaction that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction shall abstain from participating in the discussions and voting for the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

Significant agreements with related parties are as follows:

(a) A portion of the Parent Company's land is being leased by ESHRI, where the EDSA Shangri-La, Manila is located. The lease is for a period of 25 years commencing on August 28, 1992 and renewable for another 25 years at the option of ESHRI. On August 16, 2017, the agreement was renewed by ESHRI for another 25 years until August 27, 2042. Rental revenue is based on a fixed percentage of ESHRI's room, food and beverage, dry goods and other service revenue.

(b) Shang Property Management Services, Inc. (SPMSI) provides certain administrative services to The Enterprise Center Condominium Corporation (TECCC), St. Francis Shangri-La Place Condominium Corporation (TSFSPCC), The Shang Grand Tower Condominium Corporation (TSGTCC), and One Shangri-La Place Condominium Corporation (OSPCC) for a minimum period of five years starting January 7, 2009, April 1, 2010, January 7, 2007, and January 1, 2015 respectively. As consideration, SPMSI shall receive from TECCC, TSGTCC, TSFSPCC, and OSPCC monthly service fees of P400,000, P100,000, P100,000, and P250,000 respectively, inclusive of VAT, with an escalation rate of 5% to 10% per annum. The parties mutually agreed to renew the agreements for another 5 years upon expiration.

(c) SGCPI entered into a License Agreement with Shangri-La International Hotel Management Limited (SLIM-BV) for the use of intellectual property rights over Shangri-La's policies, practices, procedures, and guidelines affecting different aspects of operations of the Shangri-La chain of hotels. The agreement is for 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties and subject to the approval of the Bureau of Patents, Trademarks and Technology Transfer of the Republic of the Philippines and applicable authorities. In consideration for such access and use, SGCPI pays SLIM-BV license fees and royalties. License fees paid to SLIM-BV is equivalent to $100 per annum while royalties are computed at 3% of the gross operating revenue per annum payable within 30 days of the end of each calendar month.

    Further, in 2016, SGCPI entered into a Marketing and Reservations Agreement with SLIM, whereby the related party acting as an independent contractor of SGCPI provides marketing, communication, and reservation services to promote SGCPI. The agreement is for a period of 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties. Under this agreement, SLIM shall act solely for the account of SGCPI, and all expenses incurred shall be borne by SGCPI. As a consideration for such services, SGCPI shall pay SLIM an amount equivalent to a certain percentage of gross operating revenue. Other charges include reservation, loyalty program, communication, and other group services fees. The basis of these various charges is stipulated in the Marketing and Reservations Agreement.

(d) The outstanding balance as of December 31, 2023, and 2022 amounting to P1.1 billion represents cash advances made by Classic Elite Holdings Limited from the Parent Company for working Capital and project development. In 2024, the Company recognized provision for impairment of these receivables amounting to P752 million.

(e) Condominium dues charged by TSFSPCC and TECCC to Parent Company, KSA, SPDI and SPRC.

(f) Reimbursement of expenses paid by SLPC for ESHRI.

(g) Certain other general and administrative expenses are initially paid for by the Group/affiliate and are subsequently reimbursed by the affiliate/Group to whom such payment was intended for.

There were no write-offs or provisions made in relation to related party transactions and balances not eliminated during consolidation as at and for the years ended December 31, 2023.

The following are the significant transactions and outstanding balances with retirement fund and key management personnel as at and for the years ended December 31:

	2024		2023		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
Salaries and other short-term employee benefits	158,646	-	131,878	-	Settled in cash; payable within the current year.
Post-employment benefits	56,701	-	4,275	-	Refer to Note 24.

There were no stock options or other long-term benefits provided in 2024 and 2023 nor amounts due to/from key management personnel as at December 31, 2024, and 2023.

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	2024	2023	2022
At December 31			
Trade and other receivables	28,162,834	22,835,823	19,447,708
Accounts payable and other current liabilities	24,982,170	19,049,999	15,659,384
For the years ended December 31			
Rental revenue	368,044	339,457	157,246
Cost of sales and services	-	7,728	3,946
Operating expenses	613,021	588,074	434,390
Other income	(99,822)	16,669	176,131
Dividend income	2,577,257	1,727,050	1,871,982

The Parent Company and its subsidiaries are a party to significant agreements with related parties as follows:

(a) A portion of the Parent Company's land where the Shangri-La Plaza Mall is located is being leased to SLPC. The lease is for a period of 25 years from January 6, 1993, and subsequently renewed for another 5 years until January 6, 2023. On October 20, 2022, the agreement was renewed by both parties for another 5 years until January 6, 2028. Rental revenue is based at 20% of the Company’s annual rental income from the Main Wing’s mall and cinema operations plus 50% of the rental income from carpark building’s retail spaces. Rental revenue of the Parent Company amounted to P372 million in 2024 (2023 - P347 million; 2022 - P170 million).

    On January 16, 2002, SPSI entered into an agreement with the Company and SLPC. Under the agreement, SPSI is granted limited usufructuary rights over the parking spaces of the Company and SLPC for a consideration equivalent to 95% of SPSI’s gross revenue less direct and indirect expenses relating to the Company’s parking facilities. In 2009, the parties have revised the terms to reduce the consideration to 94%. The agreement is effective until December 31, 2002 and shall be renewed automatically on a yearly basis.

(b) SPRC and SLPC entered into a memorandum of agreement whereby SLPC will operate the mall establishment and constitute it as the East Wing of the Shangri-La Plaza Mall. The lease is for a period of five years from October 1, 2013 and renewable upon mutual agreement by the parties. Rental revenue is based on a certain percentage of SLPC's annual rental revenue from the mall operations.

(c) On January 1, 2009, SPSI entered into an agreement with KSA, whereby SPSI is to manage and operate the parking slots of KSA. The agreement is renewable upon mutual agreement by the parties. The monthly gross parking revenue, less applicable VAT, is shared between KSA and SPSI at 75% and 25%, respectively.

(d) KSA entered into a management agreement with SPMSI for a monthly fee of P150,000 with 10% annual escalation for a period of five years starting March 2008. The parties agreed mutually on the renewal of the agreement. SPMSI shall provide on-site property leasing management including head office support services and periodic audit to ensure compliance with international practices; perform staff recruitment, training and performance evaluation; and perform financial management, including billing and collection and budget provisioning.

(e) In 2011, SPDI obtained an unsecured, noninterest-bearing loan from SHIL amounting to P2.3 billion, payable on demand. As at December 31, 2024 and 2023, this loan is still outstanding.

(f) The Parent Company's dividend income from declarations of its subsidiaries are as follows:

	2024	2023	2022
SGCPI	773,994	-	-
SLPC	575,000	700,000	300,000
KSA	462,264	437,050	493,782
SGCHI	391,421	-	-
SFBHI	374,578	-	-
KRC	-	280,000	420,000
TRDCI	-	280,000	420,000
SPDI	-	15,000	-
SPRC	-	10,000	-
SPSI	-	5,000	2,500
SWWPI	-	-	220,000
SPMSI	-	-	15,700
	2,577,257	1,727,050	1,871,982

The receivables and payables between related parties, except for those arising from reimbursement of expenses and those that are unsecured and noninterest bearing which are payable on demand, have normal credit terms of 30 to 90 days, but may go beyond as agreed.

28 Provisions and contingencies

In 1993, a complaint was initially filed before the Regional Trial Court (RTC) - Pasig by the principal contractor of the Shangri-La Plaza Mall against the Parent Company and the Board for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees and litigation costs totaling about P122 million, exclusive of interest.

In 1998, the parties underwent arbitration which resulted in promulgation in 2007 of the Arbitral Tribunal to award to the principal contractor the sum of P38.5 million, net of the award to Parent Company amounting to P8.4 million. Subsequently, this decision was appealed by both parties to the Court of Appeals (CA) who resolved in 2009 to award P24.5 million to the principal contractor, unpaid progress billings based on the original scope of work, and denied the Parent Company of its motion for partial reconsideration. In 2009, both the Parent Company and the Principal Contractor filed a Petition for Review in Certiorari to the Supreme Court, where the Parent Company prayed for a reversal of the decision of the CA and for payment of liquidated damages by the Principal Contractor while the Principal Contractor filed a motion to modify the decision of the CA and to be awarded the full amount of their claim.

On July 26, 2021, the parties filed a Joint Manifestation and Motion informing the Supreme Court about the amicable settlement of the case and jointly moved for its dismissal which the Supreme Court granted in December 2021 and deemed the case closed and terminated.

Critical accounting estimate - Provision

As at December 31, 2022, the Group recognized provision for a certain tax assessment (Note 15 and 22). The estimate of the probable costs for the resolution has been developed in consultation with outside legal counsel handling the Group's defense in this matter. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, only general disclosures were provided.

Critical accounting judgment - Contingencies

The Group has other pending legal cases which are being contested by the Parent Company, SLPC and their legal counsels. The estimates of the probable costs for the resolution of these claims have been developed in consultation with the outside legal counsel handling the defense in these matters and are based upon analyses of potential reports. Based on management's assessment, these proceedings will not have a material effect on the Group's financial position and performance.

29 Advance rentals

Advance rentals are collected from all tenants depending on the agreed terms stated in the contracts which are usually equivalent to three months’ rent and can be applied at the terminal months of the lease. The current portion is included as part of Accounts payable and other current liabilities account (Note 15) and the non-current portion is shown separately in the consolidated statements of financial position.

Movements in the account for the year ended December 31 are as follows:

	2024	2023
At January 1	207,672	227,289
Additions	141,726	17,843
Applications	(28,865)	(37,460)
At December 31	320,533	207,672
Current	179,721	207,672
Non-current	140,812	-
	320,533	207,672

30 Financial risk and capital management

30.1 Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. Risk management is carried out by the Group’s management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Group’s risk management plans for the years ended December 31, 2024 and 2023.

30.1.1 Market risk

(a) Foreign exchange risk

The Group’s exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks and cash equivalents. Changes in foreign currency exchange rates of these assets are not expected to have a significant impact on the financial position or results of operations of the Group.

The Group’s foreign currency denominated cash in banks and cash equivalents as at and net foreign exchange gains for the years ended December 31, 2024 and 2023 are disclosed in Note 3.

(b) Price risk

The Group’s exposure to price risk is minimal and limited only to financial assets at fair value through profit or loss (Note 4) and FVOCI (Note 11) presented in the consolidated statements of financial position. Changes in market prices of these financial assets are not expected to have a significant impact on the financial position or results of operations of the Group.

(c) Cash flow and fair value interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group’s interest-bearing financial instruments include bank loans (Note 16). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rate, to be repriced every 30 to 180 days as agreed by the parties. The Company’s exposure to cash flow interest risk is considered insignificant to the financial statements.

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

30.1.2 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash deposits with banks, as well as credit exposure to customers and suppliers.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Group has no significant concentration on credit risk.

The Group’s financial assets are categorized based on the Group’s collection experience with the counterparties as follows:

a. Performing – settlements are obtained from counterparty following the terms of the contracts without history of default.
b. Underperforming – some reminder follow-ups are performed to collect accounts from counterparty.
c. Non-performing – evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The following tables summarize the credit quality of the Group's financial assets per category and aging analysis of financial assets as at December 31:

	Performing (Level 1)	Under performing (Level 2)	Non-performing (Level 3)	Total
2024				
Current assets				
Cash and cash equivalents	3,171,640	-	-	3,171,640
Trade and other receivables	7,709,620	-	13,308	7,722,928
Financial assets at fair value through profit or loss	32,895	-	-	32,895
Refundable deposits	2,438	-	-	2,438
Non-current assets		-	-	
Advances to a joint venture	1,990,096	-	-	1,990,096
Refundable deposits	56,908	-	-	56,908
Financial assets at FVOCI	846,768	-	-	846,768
	13,810,365	-	13,308	13,823,673

	Performing (Level 1)	Under performing (Level 2)	Non-performing (Level 3)	Total
2023				
Current assets				
Cash and cash equivalents	1,408,142	-	-	1,408,142
Trade and other receivables	6,852,048	-	13,023	6,865,071
Financial assets at fair value through profit or loss	35,405	-	-	35,405
Refundable deposits	2,999	-	-	2,999
Non-current assets	-		-	-
Advances to a joint venture	2,590,096	-	-	2,590,096
Refundable deposits	125,472	-	-	125,472
Financial assets at FVOCI	829,468	-	-	829,468
	11,843,630	-	13,023	11,856,653

There are no collaterals held as security or other credit enhancements attached to the Group's financial assets.

Allowance for impairment of receivables as at December 31, 2024 amounted to P13 million (2023 - P13 million). Apart from the financial assets covered by allowance, the remaining financial assets are classified as high performing.

The credit quality of the Group's financial assets is discussed below.

(a) Cash and cash equivalents

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties to mitigate financial loss through the counterparty's potential failure to make payments.

As at December 31, the Group's cash and cash equivalents are deposited in the following types of financial institutions as approved by the Board of Directors:

	2024	2023
Universal banks	1,180,605	790,780
Thrift banks	-	-
Commercial banks	66,985	20,926
	1,247,590	811,706

Cash in banks and cash equivalents as at December 31, 2024 and 2023 are all considered high grade financial assets. The remaining cash in the consolidated statements of financial position pertains to cash on hand which is not exposed to credit risk (Note 3).

(b) Receivables

There is no concentration of credit risk with respect to receivables since the Group has a large number of counterparties involved.

Trade receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary.

For the hotel operation, hotel guests who wish to avail of a credit line are subjected to the normal credit investigation and checking. References are required including review of the customer's financial position and earnings. Approval of a credit line is performed by the Financial Controller and the General Manager. A guest may not be given a line, but special ad hoc arrangements are allowed. It usually requires deposits, prepayments or credit card guarantees as collaterals. Existing credit lines are reviewed annually. The balances due from customers are considered as high-grade financial assets.

For the leasing operation, the Group enters into lease agreements with recognized and creditworthy third parties who are required to put up security deposits. The Group does not offer credit terms to third parties without the specific approval of management. In addition, receivable balances are monitored on an on-going basis with the result that the exposure of the Group to bad debts is not significant.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance as at December 31, 2024 and 2023 was determined as follows for trade receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
December 31, 2024 (in thousands of Philippine Peso)					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	6,057,349	-	-	13,308	6,070,657
Loss allowance	-	-	-	13,308	13,308
December 31, 2023 (in thousands of Philippine Peso)					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	5,300,367	-	-	13,023	5,313,390
Loss allowance	-	-	-	13,023	13,023

The Group's receivables classified as current did not have history of loss arising from contract with customers as it is able to repossess the sold property consequent to customer’s inability to pay the transaction price. The Group believes that this assessment is adequate and reasonable in view of the credit quality of contract receivables. Accordingly, the expected credit loss on these fully performing contract receivables is deemed insignificant for financial reporting purposes.

Non-trade receivables

The credit exposure on nontrade receivables is considered to be minimal as there is no history of defaults and collections are expected to be made within 30 to 60 days. In respect of balances due from related parties, management considered the credit quality of these receivables to be good based on financial condition of the related parties.

(c) Refundable deposits

Refundable deposits are considered as high performing financial assets. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant.

30.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains sufficient cash and cash equivalents in order to fund its operations. The Group monitors its cash flows and carefully matches the cash receipts from its operations against cash requirements for its operations. The Group utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following table shows the Group's financial instruments as at December 31 based on its contractual maturity profile:

	0 - 90 days	91 - 180 days	181 - 360 days	Beyond 360 days	Total
At December 31, 2024					
Bank loans	11,055,000	-	-	7,040,000	18,095,000
Accounts payable and other current liabilities*	3,601,005	-	-	-	3,601,005
Deposits from tenants	-	-	570,017	502,378	1,072,395
Dividends payable	-	527,467	-		527,467
Future interest payable	32,709	-	-	3,894,000	3,926,709
	14,688,714	527,467	570,017	11,436,378	27,222,576
At December 31, 2023					
Bank loans	1,800,000	8,315,000	-	-	10,115,000
Accounts payable and other current liabilities*	3,023,857	-	-	-	3,023,857
Deposits from tenants	-	-	710,830	240,097	950,927
Dividends payable	-	69,992	-	-	69,992
Future interest payable	108,572	462,376	-	-	570,948
	4,932,429	8,847,368	710,830	240,097	14,730,724

**excluding advance rentals, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies and provision for restructuring*

30.2 Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's strategies and policies during 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio as at December 31 is presented below:

	2024	2023
Net debt		
Bank loans	18,095,000	10,115,000
Less: cash and cash equivalents	3,171,640	1,408,142
	14,923,360	8,706,858
Capital		
Total equity	57,306,704	50,488,258
Less: Non-controlling interest	6,074,116	6,171,302
	51,232,588	44,316,956
Gearing ratio	0.29	0.20

The Group was able to meet its capital management objectives.

30.3 Fair value measurement

The Group follows the fair value measurement hierarchy to disclose its fair value measurements. The table below summarizes the fair value measurement hierarchy of the Group's assets and liabilities at December 31:

		Fair value measurement			
	Notes	Level 1	Level 2	Level 3	Total
2024					
Assets measured at fair value					
Financial assets at fair value through profit or loss	4	32,895	-	-	32,895
Investment properties:	10				-
Land		-	19,198,636	1,832,701	21,031,337
Buildings		-	21,205,309	4,957,769	26,163,078
Financial assets at FVOCI:	11				-
Quoted		81,350	-	-	81,350
Unquoted		-	-	765,418	765,418
Assets for which fair values are disclosed					-
Refundable deposits	14	-	178,900	-	178,900
Liabilities for which fair values are disclosed					
Deposits from tenants	17	-	1,072,395	-	1,072,395

		Fair value measurement			
	Notes	Level 1	Level 2	Level 3	Total
2023					
Assets measured at fair value					
Financial assets at fair value through profit or loss	4	35,405	-	-	35,405
Investment properties:	10				-
Land		-	10,223,517	6,972,804	17,196,321
Buildings		-	2,995,047	17,097,905	20,092,952
Financial assets at FVOCI:	11				-
Quoted		64,050			64,050
Unquoted		-	-	765,418	765,418
Assets for which fair values are disclosed					-
Refundable deposits	14	-	196,663	-	196,663
Liabilities for which fair values are disclosed					-
Deposits from tenants	17	-	950,927	-	950,927

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

There have been no assets and liabilities transferred among Level 1, Level 2 and Level 3 during 2024 and 2023.

The methods and assumptions used to estimate the fair value of each class of financial instrument are disclosed in the referred notes in the table above.

31 Summary of material accounting and financial reporting policies

31.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:
- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy and adopted by the Securities and Exchange Commission (SEC).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and financial assets at FVOCI.

The preparation of consolidated financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

- Determination of fair values of investment properties (Note 10)
- Useful lives of property and equipment (Note 12)
- Determining retirement benefit obligation (Note 24)
- Estimation of percentage-of-completion of the Group’s projects (Note 6)
- Recoverability of investment and advances (Note 8)
- Joint control assessment (Note 8)
- Distinction between properties held for sale, investment properties, and property and equipment (Note 10)
- Revenue Recognition (Note 6)
- Estimation of net realizable value of properties held for sale (Note 6)
- Impairment of non-financial assets (Note 12)
- Contingencies (Note 28)
- Classification of leases as operating lease (Note 10)
- Income tax (Note 25)

Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the Group

The Group has adopted certain amendments for the first-time effective January 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to PAS 1;
- Lease Liability in Sale and Leaseback – Amendments to PFRS 16; and
- Supplier Finance Arrangements – Amendments to PAS 7 and PFRS 7.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Adoption of amendments to existing standard and interpretations deferred by SEC until December 31, 2023

The Group has adopted for the first time effective January 1, 2024, certain amendments to existing standard and interpretations deferred by SEC under Memorandum Circular Nos. 14-2018, 4-2020 and 34-2020 until December 31, 2023.

The Group elected to apply such amendments by recognizing the cumulative effect as an adjustment to the retained earnings as at January 1, 2024, which is the date of initial application. The Company elected to apply such amendments retrospectively only to contracts that are not completed contracts at the date of initial application.

IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23)

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue will be recognized over time under paragraph 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

Assessing whether the transaction price includes significant financing component

There is a significant financing component in the contracts to sell when there is a mismatch between the POC of real estate projects and schedule of payments. PIC, in its response to the Real Estate Industry dated November 11, 2020, allows the industry to provide support that their specific payments schemes have no significant financing component, if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance.

The impact of the above amendments on the Group's statement of financial position as at January 1, 2024, is summarized below:

As at January 1, 2024	As previously presented	Impact of adoption	Adjusted
Assets			
Trade and other receivables, net	6,839,024	(216,527)	6,622,497
Investments in and advances to associates and a joint venture	8,219,286	(890,855)	7,328,431
Total assets	**74,650,310**	**(1,107,382)**	**73,542,928**
Liabilities			
Deferred income tax liabilities, net	7,416,148	(33,980)	7,382,168
Total liabilities	**24,162,050**	**(33,980)**	**24,128,070**
Equity			
Retained earnings	38,576,729	(1,073,402)	37,503,327
Total equity	**50,488,260**	**(1,073,402)**	**49,414,858**
Total liabilities and equity	**74,650,310**	**(1,107,382)**	**73,542,928**

New standards, amendments and interpretations not yet adopted

Certain new accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is set out below:

PFRS 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Although the adoption of PFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. Foreign exchange differences might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- for the first annual period of application of PFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.

From a cash flow statement perspective, there will be changes to how interest received, and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

PFRS 19 *Subsidiaries without Public Accountability: Disclosures* (effective for annual periods beginning on or after January 1, 2027)

Issued in May 2024, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

31.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2024 and 2023. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

The Group is composed of the subsidiaries listed below:

Nature and name of entity	Ownership % 2024	2023	2022
Property development:			
Shang Properties Realty Corporation (SPRC)	100	100	100
Shang Property Developers, Inc. (SPDI)	100	100	100
The Rise Development Corporation, Inc. (TRDCI)	100	100	100
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	100
SPI Property Holdings, Inc. (SPI-PHI)	100	100	100
SPI Land Development, Inc. (SPI-LDI)	100	100	100
Rapidshare Realty and Development Corporation (RRDC)	100	-	-
Hotel operation:			
Shang Global City Properties, Inc. (SGCPI)	60	60	60
Leasing:			
SPI Parking Services, Inc. (SPSI)	100	100	100
Shangri-la Plaza Corporation (SLPC)	100	100	100
KSA Realty Corporation (KSA)	70.04	70.04	70.04
SPI Property Developers, Inc. (SPI-PDI)	100	100	100
Real estate:			
Ivory Post Properties, Inc. (IPPI)	100	100	100
KPPI Realty Corporation (KRC)	100	100	100
Martin B Properties, Inc. (MBPI)	100	100	100
New Contour Realty, Inc. (NCRI)	100	100	100
Perfect Sites, Inc. (PSI)	100	100	100
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	100
Shang Global City Holdings, Inc. (SGCHI)	100	100	100
Sky Leisure Properties, Inc. (SLPI)	100	100	100
Property management:			
KPPI Management Services Corporation (KMSC)	100	100	100
Shang Property Management Services, Inc. (SPMSI)	100	100	100
Other supplementary business:			
Gipsey, Ltd. (Gipsey)	100	100	100
Silver Hero Investments Limited (SHIL)	100	100	100
EPHI Logistics Holdings, Inc. (ELHI)	60	60	60

Except for Gipsey and SHIL, which were incorporated in the British Virgin Islands (BVI) and use Hong Kong dollars (HK$) as their functional currency, all the other subsidiaries were incorporated and registered in the Philippines which use Philippine Peso as their functional currency.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the years ended December 31, 2024 and 2023 are disclosed in Note 9.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

The Group also assesses the existence of control where it does not have more than 50% of the voting power by virtue of de facto control. De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group control over the investee.

Whenever the Group obtains control of one or more other entities, it assesses whether the acquired group of net assets constitutes a business. In assessing whether a transaction is an acquisition of a business or assets, the Group identifies the elements in the acquired group, assesses the capability of the acquired group to produce outputs, and assesses the capability of a market participant to produce outputs if missing elements exist. If the assets acquired are not a business, the Group accounts for the transaction or other event as an asset acquisition.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

If the excess of the consideration is transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration is transferred, and the difference of the non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(c) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group increases its stake in an existing associate and gains control in that investment, the investment becomes a subsidiary. When the entity obtains control of the investment (an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee) that was previously accounted for under equity method, the carrying amount of the investment in associate is derecognized and the assets and liabilities acquired are recognized in the Group's consolidated financial statements at acquisition date.

When the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate or a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognizes the amount adjacent to ‘share in net earnings of associates’ in the consolidated statement of total comprehensive income. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 31.8.

Dilution gains and losses arising from investments are recognized in profit or loss. Investment in subsidiaries and associates are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

31.3 Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

31.4 Financial instruments

Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income ("OCI") or through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising from derecognition is recognized directly in profit or loss and presented in other income, net, together with foreign exchange gains and losses. Impairment losses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

The Group's financial assets at amortized cost consist of cash and cash equivalents (Note 3), trade and other receivables (Note 5), refundable deposits under prepaid taxes and other current assets (Note 7) and other non-current assets (Note 14) in the consolidated statements of financial position.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income, net, and impairment expenses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

  The Group does not have debt instruments at FVOCI as at December 31, 2024 and 2023.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

  The Group does not have debt instruments at FVTPL as at December 31, 2024 and 2023.

Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

The Group's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are separately shown in the consolidated statements of financial position (Note 11).

Dividends are recognized when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are recognized in other comprehensive income and are never recycled to profit and loss, even if the asset is sold or impaired.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of counterparties over a certain period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expenses consolidated statement of total comprehensive income. Subsequent recoveries are credited to other income.

Financial liabilities

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost. There are no financial liabilities at fair value through profit or loss as at December 31, 2024 and 2023.

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group's accounts payable and other current liabilities (excluding advanced rental, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies) (Note 15), installment payable (Note 16), deposits from tenants (Note 17), dividends payable (Note 19), and bank loans (Note 16) are classified under financial liabilities at amortized cost.

Initial recognition

Regular purchases and sales of financial assets are recognized on the trade date (the date on which the Group commits to purchase or sell the asset).

Financial assets and liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

The Group recognizes a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provision of the instrument.

Day 1 difference

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

31.5 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business. The Group's investment property, principally comprising of properties in Mandaluyong and Makati City are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment properties (Note 10).

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on direct income capitalization approach and market comparison approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in the consolidated statement of total comprehensive income under gain on fair value adjustment of investment properties.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

Impairment of investment properties is discussed in Note 31.8.

31.6 Property and equipment

Property and equipment, except land rights, are stated at historical cost less depreciation and amortization, and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of total comprehensive income within other general and administrative expenses during the financial period in which they are incurred.

Land rights are not depreciated. Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Building and leasehold improvements	25 or lease term, whichever is shorter
Transportation equipment	3 to 5
Furniture, fixtures and other equipment	2 to 5

Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 31.8).

31.7 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any NCI in the acquired company and the acquisition-date fair value of any previously-held interest in the acquired company over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

31.8 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset, and to discount them using a pre-tax market rate that reflect current assessments of the time value of money and the risks specific to the asset. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increase should not exceed the carrying amount that would have been determined had not the impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

31.9 Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred, or liabilities assumed, is recognized within interest expense and bank charges in the consolidated statement of total comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged to profit or loss in the year in which they are incurred. The Group decided to avail relief issued by the SEC per Memorandum Circular No. 4-2020. The SEC provided for the relief to the real estate industry by deferring the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) until December 31, 2023 (Note 31.1).

31.10 Current and deferred income tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place can the Group control the reversal of the temporary difference that was not recognized.

31.11 Provisions

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

Provisions are derecognized when the obligation is paid, cancelled or has expired.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the reversal is recognized in the consolidated statement of total comprehensive income within the same line item in which the original provision was charged.

31.12 Employee benefits

(a) Retirement benefits

The Group maintains a defined benefit retirement plan determined by periodic actuarial calculations. This defined benefit retirement plan is funded through payments to a trustee-administered fund and determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Group measures the resulting asset at the lower of: (a) such amount determined; and (b) the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest of government bonds converted into zero coupon rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Short-term employee benefits

The Group recognizes a liability and an expense for short-term employee benefits which include salaries, paid sick and vacation leaves and bonuses. Bonuses are based on a formula that takes into consideration the resulting qualified profits. The Group recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

31.13 Income and expense recognition

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

The following specific recognition criteria must be met before revenue and expenses are recognized;

Revenue

(a) Revenue from condominium sales

The Group develops and sells condominium units. Under a contract to sell a condominium unit, the object is the property itself, which is the normal output of a real estate business. In addition, this contract contains information such as the contracting parties' rights and payment terms, which are essential elements for a valid revenue contract. The Group assesses that contract must be signed by the contracting parties to make it enforceable prior to revenue recognition. Also, the developer assesses the commercial substance of the contract and the probability that it will collect the consideration. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation.

Contracts to sell condominium units are written on a lump sum payment basis or installment basis which include 5% reservation, down payments with installment terms ranging from 1-5 years.

The Group satisfies its performance obligation as it develops the property. In accordance with PFRS 15 and Philippine Interpretations Committee (PIC) 2016-04, the Group considers that the Group's performance does not create the asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognized over time, i.e. as the related obligations are fulfilled, measured principally using the output method on the basis of the estimated completion of a physical proportion of the contract work. Land and materials delivered on site, such as steels, rebars and elevators, which are yet to be installed/attached to the main structure, are excluded from the percentage-of-completion.

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the Company and the customer provides the customer or the Group with a significant benefit of financing the sale of condominium units to the buyer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

In adjusting the promised amount of consideration for a significant financing component, the Group uses the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception. That rate would reflect the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provided by the customer or the entity, including assets transferred in the contract. The Company determines that rate by identifying the rate that discounts the nominal amount of the promised consideration to the price that the customer would pay in cash for the goods or services when (or as) they transfer to the customer. The significant financing component is presented as part of revenue from condominium sales recognized in the consolidated statement of comprehensive income.

Under the sales contract, customers are required to pay the transaction price (in the form of progress billings) over a certain period of time. Any excess (deficit) of collections over the recognized revenue are recognized as contract liabilities under accounts payable and other current liabilities (installment contracts receivable under Trade and other receivables, net) as shown in the consolidated statement of financial position.

Payments received from potential buyer to provide exclusive rights to buy a specific condominium unit under certain conditions and up to specified period are treated initially as a liability and are recognized as part of "customers' deposits" under accounts payable and other liabilities. These deposits are applied as payment of the transaction price as soon as the revenue recognition criteria are met.

Cost of condominium sales include upfront costs such as land costs and connection fees, which are accounted for as fulfillment costs, and development costs which contribute to the construction progress of the development project. Fulfillment costs are recognized as contract assets arising from fulfillment costs to the extent that such costs give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered. These costs are included in properties held for sale in the consolidated statement of financial position. Such contract assets are amortized as cost of condominium sales consistent with the revenue recognition method applied, subject to impairment up to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive; less (b) direct costs that have not been recognized as expenses. Development costs are recognized as expense as the work to which they relate is performed.

Incremental costs of obtaining a contract to sell condominium units include commissions paid to sales or marketing agents. Fixed monthly living allowance, transportation allowance provided to real estate agents and commissions paid prior to signing of contracts to sell are expensed outright. Commissions paid after signing of contracts are recognized as contract assets arising from costs to obtain a contract presented as 'prepaid commission' under prepaid expenses and other current assets in the consolidated statement of financial position. These are amortized as cost of condominium sales consistent with the revenue recognition method applied.

The cost of inventory recognized in profit or loss on disposal (cost of condominium sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of condominium sales also includes the estimated development costs to complete the condominium, as determined by the Group's in-house technical staff, and taking into account the POC. The accrued development costs account is presented under "accounts payable and other current liabilities" in the consolidated statement of financial position.

Estimated loss on unsold units is recognized in profit or loss immediately when it is probable that total project costs will exceed total contract revenue.

Condominium units arising from cancellation of contracts to sell are initially measured by the Group based on its original carrying amount at the time it was sold.

(b) Rental

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term or based on a certain percentage of gross revenue of the lessees, whichever is applicable. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

When the revenue recognition criteria are not met, cash received from lessees are recognized as advance rentals, until the conditions for recognizing rental income are met.

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center and car rental, laundry service, telephone service and health club services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Costs of hotel operations are expensed as incurred. These include expenses incurred for the generation of revenue from food and beverage sales, room rentals, and other ancillary services.

(d) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final withholding tax.

(e) Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when the Board of the investee company approved the dividend.

(f) Other income

Administration and management services, customer lounge fees, banner income, income from cinema operations and other service income are recognized when the related services have been rendered. Revenues from auxiliary services such as handling, sale of scrap materials, import break bulk and brokerage are recognized when services are provided or when goods are delivered. Money received or amounts billed in advance for rendering of services or delivery of goods are recorded as unearned income until the earning process is complete.

(g) Cost and expenses

Cost and expenses are recognized when these are incurred.

31.14 Leases

(a) Group is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the consolidated statement of financial position (Note 31.5).

(b) Group is the lessee

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

31.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These operating segments are the basis upon which the Group reports its segment information presented in Note 2 to the consolidated financial statements.

The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

31.16 Contingencies

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

Shang Properties Inc.

Supplementary Schedule of External Auditor Fee-Related Information
For the year ended December 31, 2024

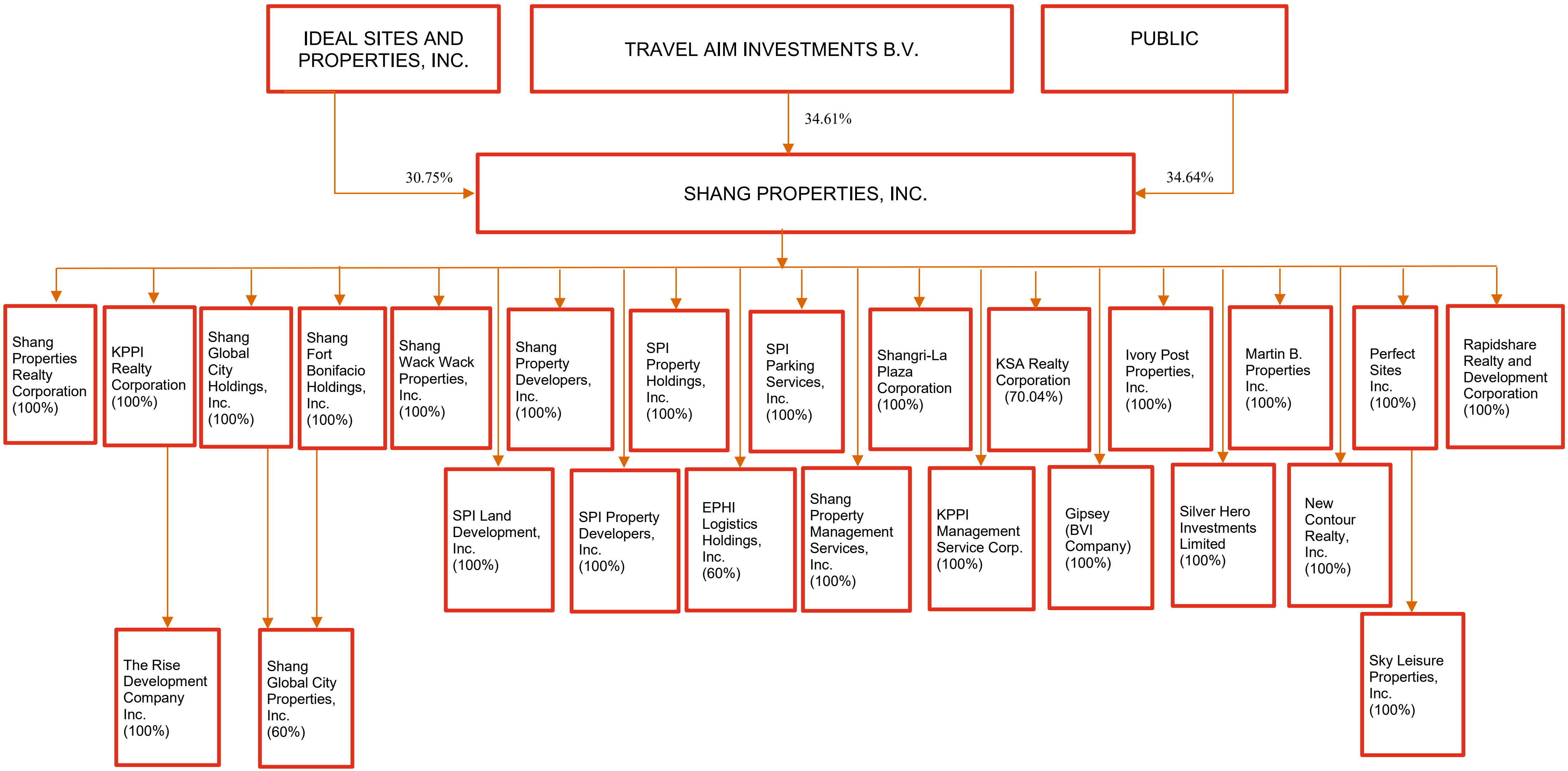
	Current Year	Prior Year
Total audit fees	1,238	1,190
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	1,323	-
Total non-audit fees	1,323	-
Total audit and non-audit fees	2,561	1,190

Audit and non-audit fees of other related entities

	Current Year	Prior Year
Audit fees	3,122	2,956
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total audit and non-audit fees of other related entities	3,122	2,956

Shang Properties, Inc. and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
As at December 31, 2024



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2024, 2023 and 2022
(All amounts in thousands of Philippine Peso)

Ratio	Formula		2024	2023	2022
A. Current and Liquidity Ratios					
1. Current ratio	Total current assets	23,937,058	1.34	0.99	0.98
	Divided by: Total current liabilities	17,813,491			
	Current ratio	1.34			
2. Acid test ratio	Total current assets	23,937,058	1.08	0.82	0.82
	Less: Prepaid taxes and other current assets	4,626,305			
	Quick assets	19,310,753			
	Divided by: Total current liabilities	17,813,490			
	Acid test ratio	1.08			
B. Solvency ratio	Net income	9,356,554	0.27	0.3	0.2
	Add: Depreciation*	35,464			
	Net income before depreciation	9,392,018			
	Divided by: Total liabilities	34,535,632			
	Solvency ratio	0.27			
C. Debt to equity ratio	Total liabilities	34,535,632	0.60	0.48	0.47
	Divided by: Total equity	57,306,704			
	Debt to equity ratio	0.60			
D. Asset to equity ratio	Total assets	91,842,336	1.60	1.48	1.47
	Divided by: Total equity	57,306,704			
	Asset to equity ratio	1.60			
E. Debt ratio	Total liabilities	34,535,632	0.38	0.32	0.32
	Divided by: Total assets	91,842,336			
	Debt ratio	0.38			

(Continued)

Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2024, 2023 and 2022
(All amounts in thousands of Philippine Peso)

Ratio	Formula		2024	2023	2022
F. Profitability ratios					
1. Return on assets (%)	Net income	9,971,725	10.86	8.17	5.9
	Divided by: Total assets	91,842,336			
	Return on assets (%)	10.86			
2. Return on equity (%)	Net income	9,971,725	17.40	12.09	8.68
	Divided by: Total equity	57,306,704			
	Return on equity (%)	17.40			
3. Net profit margin (%)	Net income	9,971,725	84.37	62.2	50.7
	Divided by: Total revenues	11,818,623			
	Net profit margin (%)	84.37			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	9,356,554	1.97	1.16	0.76
	Divided by: Total shares outstanding	4,764,059			
	EPS attributable to equity holders of Parent	1.97			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	51,232,588	10.75	9.31	8.43
	Divided by: Total shares outstanding	4,764,059			
	BPS attributable to equity holders of Parent	10.75			

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Description of each issue	Number of shares	Amount shown in the Consolidated Statement of Financial Position	Value based on market quotations at statement date	Income (loss) received and accrued
Cash and cash equivalents*		3,170,640	3,170,640	271,828
Trade and other receivables**		7,709,620	7,709,620	-
Financial assets at fair value through profit or loss***		32,895	32,895	(2,510)
Refundable deposits****		72,111	72,111	-
Financial assets at fair value through other comprehensive income*****				
Quoted shares	8	81,350	81,350	17,300
Unquoted shares	298,516	765,418	765,418	-
		846,768	846,768	17,300
		11,832,034	11,832,034	286,618

* See Note 3 to the Consolidated Financial Statements.
** See Note 5 to the Consolidated Financial Statements.
*** See Note 4 to the Consolidated Financial Statements.
**** See Notes 7 and 14 to the Consolidated Financial Statements.
***** See Note 11 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction: Amount collected	Deduction: Amount written off	Current	Non-current	Balance at end of period
Shang Robinsons Properties, Inc.	2,371,098	1,484,206	(1,853,010)	-	2,140	2,000,154	2,002,294
Classic Elite Holdings Limited	1,144,188	-	-	(751,977)	-	392,211	392,211
Shang Salcedo Place Condo. Corp.	87,654	10,310	-	-	10,310	87,654	97,964
One Shangri-la Place Condominium Corp	63,236	21,465	(15,168)	-	21,412	48,121	69,533
The St. Francis Shangri-la Place Condo. Corp	66,050	3,708	(2,383)	-	3,708	63,667	67,375
Mactan Shangri-la Hotel	2,488	39,387	-	-	39,387	2,488	41,875
The Shang Grand Tower Condo. Corp.	36,172	9,451	(4,297)	-	8,438	32,888	41,326
EDSA Shangri-la Hotel & Resorts, Inc.	40,859	172,740	(173,607)	-	35,250	4,742	39,992
The Enterprise Centre Condo. Corp.	25,892	976	(9,979)	-	976	15,913	16,889
Makati Shangri-la Hotel	8,846	58	(41)	-	-	8,863	8,863
Ideal Sites Property Inc.	7,019	4	-	-	-	7,023	7,023
Others	(2,438,492)	1,291,711	(38,886)	-	336	(1,186,003)	(1,185,667)
	1,415,010	3,034,016	(2,097,371)	(751,977)	121,957	1,477,721	1,599,678

See Notes 5 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Shang Properties, Inc.	15,126,096	7,415,573	2,336,533	-	7,415,573	12,789,563	20,205,136
Silver Hero from SPDI	2,317,500	-	-	-	-	2,317,500	2,317,500
Shang Property Developers, Inc.	2,252,763	61	-	-	2,252,824	-	2,252,824
Shangri-la Plaza Corp.	522,640	30,428	30,347	-	522,721	-	522,721
The Rise Development Company, Inc.	297,631	46,056	130,770	-	46,098	166,819	212,917
Shang Property management Services, Inc.	125,104	74,736	13,396	-	69,640	116,804	186,444
Shang Properties Realty Corporation	169,484	201,005	195,084	-	74,366	101,039	175,405
Perfect Sites Inc.	143,109	18,000	-	-	18,000	143,109	161,109
Shang Wack Wack Properties, Inc.	29,942	52,060	-	-	82,002	-	82,002
SPI Property Developers, Inc.	30,560	30,614	31,364	-	29,810	-	29,810
SPI Land Development, Inc.	5,712	13,908	623	-	18,997	-	18,997
SPI Property Holdings, Inc.	1,544	7,759	2,156	-	7,147	-	7,147
Shang Global City Properties, Inc.	3,530	1,172	-	-	4,702	-	4,702
New Contour Realty Inc.	4,028	-	-	-	4,028	-	4,028
KSA Realty Corporation	4,689	31,227	32,967	-	2,949	-	2,949
KPPI Realty Corporation	4	-	-	-	4	-	4
	21,034,336	7,922,599	2,773,240	-	10,548,861	15,634,834	26,183,695

See Note 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt” in related Statement of Financial Position	Amount shown under caption “Long-term debt” in related Statement of Financial Position
BPI Long Term Loan	15,000,000	-	7,040,000
BPI Short Term Loan Line	7,500,000	2,423,000	-
BPI Revolving PN Line	-	5,160,000	-
BDO Short Term Credit Line	5,000,000	3,472,000	-
PNB Revolving PN Line	2,000,000	-	-
	29,500,000	11,055,000	7,040,000

Shang Properties, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Shangri-La International Hotel Management Limited	34,533	20,783
St. Francis Shangri-La place Condo. Corp.	317	277
The Enterprise Center condo. Corp	13,800	14,701
Others	33,239	140,521
	81,889	176,282

See Notes 15 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name of issuing entity of securities guaranteed by the Company for which statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by the company for which statement is filed	Nature of guarantee
		Not applicable		

Shang Properties, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Title of issue	Number of shares authorized	Number of Shares issued and outstanding as shown under related Statement of Financial Position	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by related parties	Number of shares held by directors, officers, and employees	Others
Issued shares:						
Common shares	8,000,000	4,764,059	-	-	-	-
Outstanding shares:						
Common shares	-	4,764,059	-	3,114,014	4,053	1,645,989
Total		4,764,059	-	3,114,014	4,053	1,645,989

See Note 18 to the Consolidated Financial Statements.

Shang Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Unappropriated Retained Earnings, beginning of the year		11,534,524
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	1,379,674	
Effect of restatements or prior-period adjustments	890,855	2,270,529
Unappropriated Retained Earnings, as adjusted		9,263,995
Add/Less: Net Income for the current year		7,270,273
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of joint venture, net of dividends declared	2,526,569	
Unrealized fair value gain of investment property, net of tax	3,562,814	6,089,383
Adjusted net income		1,180,890
Total Retained Earnings, end of the year available for dividend declaration		**10,444,885**

ANNUAL SUSTAINABILITY REPORT 2024

UNFOLDING HORIZONS/
BREAKING NEW GROUNDS

SHANG
PROPERTIES

ABOUT THE REPORT

Shang Properties, Inc. and our subsidiaries ("SPI", "We", "Our", "Company") are pleased to present our Annual Sustainability Report for the Fiscal Year (FY) 2024, covering all data and information from January 1, 2024 to December 31, 2024. It details our sustainability performance and management approach with regards to our most material topics. It serves as a reference for our stakeholders to track our continuous improvement towards sustainability initiatives and goals.

This report is prepared in compliance with the Securities and Exchange Commission (SEC) Sustainability Reporting (SR) Guidelines Memorandum Circular No. 4 Series of 2019, and cross-referencing to the GRI standards where they apply. For FY 2024, we have inserted throughout the report our initial inputs to facilitate the future adoption of the revised SEC Sustainability Reporting (SuRe) Framework.

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GENERAL INFORMATION

Contextual Information

COMPANY DETAILS

Name of Organization:	Shang Properties, Inc. (SPI)
Location of Headquarters:	Administration Office Shangri – La Plaza EDSA corner Shaw Boulevard, Mandaluyong City
Report Boundary: *Legal Entities (e.g. Subsidiaries) included in this Report*	This annual sustainability performance report covers the holding company, Shang Properties, Inc. (SPI) and the following subsidiaries / affiliates:

SHANGRI – LA PLAZA CORPORATION (SLPC)
SLPC manages the Philippines' most established premier upscale shopping and lifestyle destination, Shangri – La Plaza Mall.

KSA REALTY CORPORATION (KSA)
KSA Realty Corporation is the majority owner of The Enterprise Center, an Information Technology (IT) building registered with the Philippine Economic Zone Authority (PEZA) that offers tax incentives to tenants.

SPI PARKING SERVICES, INC. (SPSI)
SPSI, formerly EDSA Parking Services, Inc., provides top of the line parking management services.

SHANG PROPERTIES REALTY CORPORATION (SPRC)
SPRC, formerly The Shang Grand Tower Corporation, is the developer of the following projects: The Shang Grand Tower (built along Dela Rosa Street, Legaspi Village, Makati City), St. Francis Shangri – La Place and One Shangri – La Place, (both located at the Shangri – La Place in Ortigas, Central Business District at the corner of Shaw Boulevard, Internal Drive and EDSA in Mandaluyong City), as well as the ongoing Shang Bauhinia Residences located at Bauhinia Drive, Cebu City.

SHANG PROPERTY DEVELOPERS, INC. (SPDI)
SPDI is the developer of the upscale Makati development, Shang Salcedo Place located at Sen. Gil Puyat Avenue corner Tordesillas Street, Salcedo Village, Makati City.

THE RISE DEVELOPMENT COMPANY, INC. (TRDCI)
TRDCI is a joint venture with VDCI and the developer of The Rise Makati, a mixed – use condominium project located at Malugay Street, San Antonio Village, Makati City.

SHANG WACK WACK PROPERTIES, INC. (SWWPI)
SWWPI is a realty development company and the developer of Shang Residences Wack Wack located strategically close to the renown Wack Wack Golf and Country Club in Greenhills, Mandaluyong City.

COMPANY DETAILS

SHANG GLOBAL CITY PROPERTIES, INC. (SGCPI)
SGCPI is the owner, developer, and operator of Shangri – La at the Fort, the country's premier and leading luxury hotel located at 3rd Avenue corner 30th Street, Fort Bonifacio Global City, Taguig City and Horizon Homes at the Fort, the most luxurious condominium development project in the country situated at the top levels of the Shangri – La at the Fort hotel building.

SHANG PROPERTY MANAGEMENT SERVICES, INC. (SPMSI)
SPMSI, formerly EPHI Property Management Services Corporation, provides top of the line property management services.

SHANG ROBINSONS PROPERTIES, INC. (SRPI)
SRPI is a joint venture between Shang Properties, Inc. (SPI) and Robinsons Land Corporation (RLC) and the developer of the ultra – upscale and posh Aurelia Residences located at McKinley Parkway corner Fifth Avenue and 21st Drive, Fort Bonifacio Global City, Taguig City, as well as the ongoing posh condominium project located at Bridgetowne Estate, Pasig City known as "Haraya Residences".

SPI PROPERTY HOLDINGS, INC. (SPI-PHI)
SPI-PHI is a holding company and the realty developer of "Laya by Shang Properties", an ongoing real estate project that offers vibrant residential spaces to its customers. The project is located at Christian Route, Brgy. Oranbo, Pasig City.

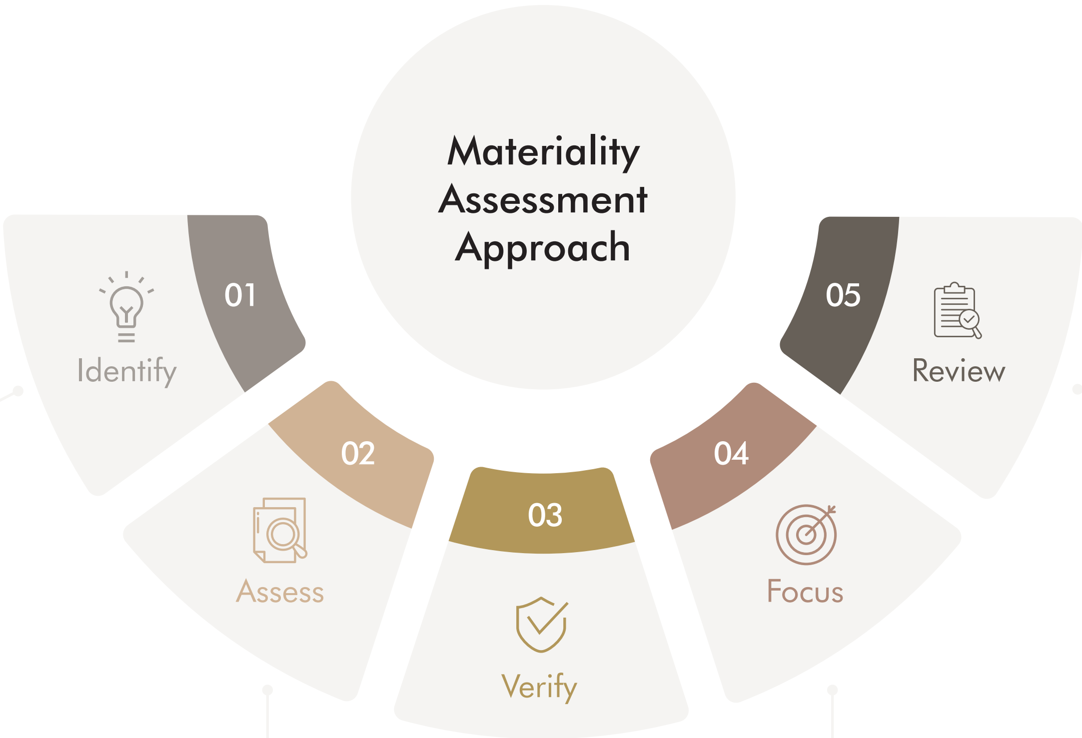
SPI LAND DEVELOPMENT, INC. (SPI-LDI)
SPI-LDI is a realty developer undertaking the construction of Shang Summit, a residential condominium development project located along Sgt. Esguerra Avenue corner Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City.

SPI PROPERTY DEVELOPERS, INC. (SPI-PDI)
SPI-PDI is the realty developer of a proposed office and serviced apartment project known as "Shang One Horizon", which is located at Shaw Boulevard, Mandaluyong City.

Business Model, including Primary Activities, Brands, Products, and Services	Shang Properties, Inc. (SPI) is engaged in property investment and development (residential development and condominium sales), real estate management, office and retail leasing, mall and office car park, and hotel operations.
Reporting Period	January 1 to December 31, 2024
Highest Ranking Person responsible for this report	Atty. Emiluisa C. Penano Compliance Officer / Deputy General Counsel

Materiality Process

SPI maintains a straightforward materiality process for identifying and prioritizing our most significant topics. This process is annually reviewed by SPI's Sustainability Core Team in order to align with evolving regulations, industry trends, and business developments. Any changes to our existing process are correspondingly reviewed and approved by our Board of Directors.



Material topics are identified based on activities that are vital to the operations of Shang Properties, Inc. as a Holding Company operating different businesses.

The identified topics are evaluated and prioritized based on what we interpret as significant and impactful to our stakeholders and to our Company.

Material topics are consulted with and approved by the Board of Directors to ensure their alignment with the Group's Mission and Vision.

Based on the agreed material topics, management actions are identified and incorporated into the business plan.

Our Company's performance with respect to the material topics (also known as our "Core Drivers") are subjected to regular review by the Board.

Figure 1 Materiality Assessment Approach

Sustainability Framework

Our materiality assessment process allows us to identify the key drivers that significantly shape our sustainability framework. For FY 2024, we have retained our existing topics into our framework. We recognize that these topics continue to be relevant to our organization, especially with the absence of major operational shifts across all our business activities.

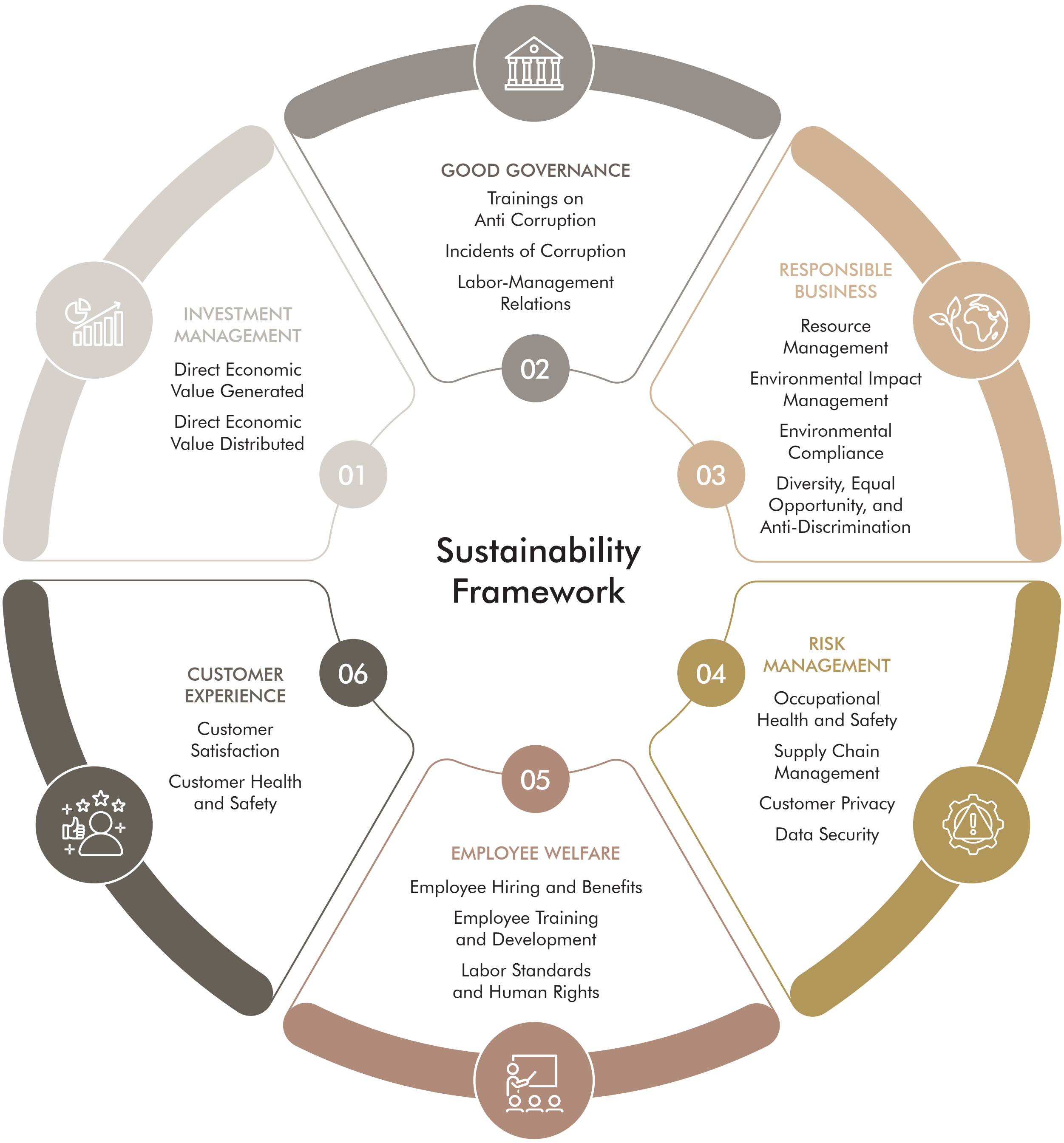


Figure 2 SPI Core Drivers

Stakeholder Engagement

Our Company understands that stakeholder engagement is essential to aligning our priorities with stakeholder expectations. In 2024, we collaborated with various departments that work closely with these groups in order to review and refine our engagement matrix. The following table provides an updated overview of these stakeholder groups, their respective modes of engagement, and their key concerns.

STAKEHOLDER	MEANS OF ENGAGEMENT	ASPECTS	FREQUENCY
Stockholders and Investors	Annual Stockholders Meeting Corporate Disclosure Corporate Website	Financial Performance and Cash Flows Business Outlook Resolutions of Business Concerns ESG Performance	Annually or as needed
Employees	Training and development programs Email blasts and bulletins Annual performance appraisals Online portals / Social Media Company activities and Events	Skills inventory development General company updates Performance review and improvement Job opportunities Employee activities and socialization Health and wellbeing	Quarterly or as needed
Customers and Guests	Customer satisfaction surveys Telephone hotlines Social Media	Customer Feedback / areas for improvement General Information Events, Customer complaints	As needed
Residents and Tenants	Email blasts Memorandums Meetings Evacuation drills	Promotions Maintenance and Service Interruption, Escalations, Property Updates Exploratory, Pre-Construction, Egress Fire life and safety Residents/Tenants' complaints Other operational issues	As needed
Suppliers and Contractors	Emails One on one meetings Group meetings/discussions Telephone / mobile phones Site inspections	Cost proposal Warranties Duration of project Scope/Deliverables Payment for services rendered	As needed
Government and Regulators	Emails Site inspections Correspondences Telephone / mobile phones	Coordination of requirements Compliance to regulations Continuous communication and coordination of schedules Payment of taxes and applicable fees	Annually or as needed

ECONOMIC

INVESTMENT MANAGEMENT

Direct Economic Value Generated and Distributed

SPI is a leading property investment and development company in the Philippines. Our economic performance is driven by our real estate portfolio, which include malls, residential complexes, offices, and other real estate properties. The fluctuating market demand directly impacts our business performance, which in turn affects our stakeholders. These impacts are diverse and can affect shareholder value, investment in local business partners, community development (CSR), and royalties and taxes to the local and national government. The table below provides an overview of our financial performance:

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Direct Economic Value Generated (Revenue)	PHP	13,339,788,291	15,376,978,798
Direct Economic Value Distributed:			
a. Operating Costs	PHP	5,226,553,499	6,306,489,104
b. Employee Wages and Benefits	PHP	335,131,480	379,961,185
c. Payments to Suppliers, Other Operating Costs	PHP	1,228,283,867	1,195,350,958
d. Dividends given to Stockholders and Interest Payments to Loan Providers	PHP	1,482,528,324	1,843,020,877
e. Taxes given to Government	PHP	138,687,025	195,635,218
f. Investments to Community (e.g. Donations, CSR)	PHP	51,050,000	41,430,000

In 2024, we recorded strong financial growth with a 15.27% increase in revenue. This growth was driven by higher condo sales, along with sustained strength in our leasing and management services across our 13 subsidiaries. We continued to allocate significant resources towards core areas of our operations, leading to an increase in operating costs (20.66%) and employee wages and benefits (13.38%) due to expanded operations. Dividends to stockholders and interest payments to loan providers remained steady, along with mandated royalties to the government.

SPI has also allocated a significant portion of its budget to community investments as part of our commitment to sustainable growth. Through our subsidiary, Shang Wack Wack Properties Inc., we partnered with non-profit organizations to support and carry out a range of community initiatives throughout the year. These programs focused on poverty alleviation, education and disaster relief across Butuan, Surigao, and typhoon-stricken areas.

With the expansion of SPI's property developments, we are well-positioned to continue delivering value to our shareholders. We look forward to the long-term success of our business as we continue to enhance our operations and explore opportunities for growth.

Feature Story

Shang Properties Expands in 2024 with Acquisitions, Project Launches

2024 was a productive year for SPI, marked by positive growth and new business opportunities within the Philippine luxury real estate market.

In September 2024, SPI launched Shang Summit, a high-rise property offering 1,020 residential units in Quezon City. A month later, SPI successfully secured a PHP 2.5 Billion deal to acquire Rapidshare Realty and Development Corp., a subsidiary of San Miguel Properties Inc. (SMPI) that owns land in Barangay Wack-Wack, Mandaluyong.

Shang Properties has unveiled Shang Bauhinia Residences, our first luxury project in Cebu, near Cebu I.T. Park. This 52-story condo offers exclusive living spaces with panoramic views, world-class amenities, and designs that incorporate Cebuano craftsmanship. Due for completion by 2031, Shang Bauhinia Residences aims to provide luxury spaces that have easy access to business and leisure hubs.

Our 2024 business developments provide a promising outlook for SPI's financial position and recovery from the pandemic, especially with strong interest in luxury developments from local and international investors, especially from Japan, Singapore, and Thailand.

Climate-Related Financial Metrics

With the changing climate, SPI recognizes the importance of assessing risks and opportunities that can impact our business. Maintaining a strong set of financial indicators is essential for facilitating responsible investments and aligning with evolving requirements that put an emphasis on climate-related financial metrics. These indicators enable our Company to remain resilient while also supporting the global shift towards a low-carbon economy.

Our Management Approach

BALANCING PROFIT AND PURPOSE

We follow a strict set of economic policies and principles as embedded in the SPI Manual on Corporate Governance and SPI Code of Business Conduct and Ethics. These guide our management approach for the proper and timely submission of our financial disclosures. We carefully review and monitor financial targets and budgets, conduct regular audits of our financial reports, maintain a hierarchy of roles under the Financial Division, and set clear avenues for accountability. We also conduct a financial risk management strategy to respond to market volatility and safeguard our business against potential loss of revenue and assets.

Furthermore, we recognize that the effects of our commercial operations trickle down to society and the environment. It is important to us that our business contributes to building a better future for all. Guided by our Corporate Social Responsibility policy, we are able to invest and implement programs that are relevant to the needs of our local communities. We conduct relief operations to calamity-stricken areas, provide free venues for socially-relevant events, work with partners who uphold green practices, and consciously manage our wastes and resources. We further support our non-profit arm, Kerry Foundation Phils., in leading humanitarian advocacies related to education, climate change, and livelihood opportunities, among others.

Feature Story

Shang Properties Among BCI's 2024 Top PH Developers

Shang Properties Inc. (SPI) has been recognized as one of BCI Asia's Top Developers for 2024, an exclusive list of top developers, contractors, and architects in the entire Asian region. This achievement comes after the successful launches of our projects in 2024, which include Shang Summit, Shang Bauhinia Residences in Cebu, and Laya in Pasig. Our ongoing projects, such as Shang Residences at Wack Wack, continue to expand our portfolio, while established developments such as The Enterprise Center and Shangri-La Plaza remain as key assets to our growth.

GOOD GOVERNANCE

Training on Anti-Corruption Policies and Procedures

SPI upholds the highest ethical standards as part of our commitment to business integrity. We continue to put anti-corruption as a top priority so that we can operate fairly and prevent any threats to our long-term business success. By maintaining strong governance and accountability, we are able to protect the operations from legal and financial risks while maintaining the trust and confidence of our stakeholders.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Percentage of Employees to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To	%	100	100
Percentage of Business Partners to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To	%	100	100
Percentage of Directors and Management that have Received Anti – Corruption Training	%	50	50
Percentage of Employees that have Received Anti – Corruption Training	%	50	50

Incidents of Corruption

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Number of Incidents in which Directors were Removed or Disciplined for Corruption	#	0	0
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	#	0	0
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	#	0	0

The organization has maintained an excellent record in upholding anti-corruption in the workplace, with no incidents of corruption resulting in disciplinary actions, contract terminations, or other formal consequences over the past years. Both our workforce and business partners have been effectively engaged in anti-corruption communication and training to assert the organization's anti-corruption culture.

Our Management Approach

TRANSPARENCY IN ACTION

SPI enforces comprehensive policies and procedures to prevent, detect, and address instances of corruption within our organization. Our Code of Business Ethics, Code of Conduct, and Fraud Policy have a zero-tolerance approach to bribery, extortion, embezzlement, and any other forms of malpractice. As part of our process, we conduct due diligence through regular audits, reviews, and risk assessments – all of which aim to mitigate the potential risks of our business being involved with corrupt activities and suspicious groups. Our 2023 Whistleblowing Policy provides multiple avenues for our stakeholders to disclose unethical and illegal practices, while also guaranteeing confidentiality, protection from retaliation, and fair treatment.

Labor-Management Relations

SPI seeks to uphold a culture of respect and trust with its workforce as part of our commitment to corporate responsibility. We view fair treatment and open communication between management and employees as key pillars that strengthen our work environment so that we can meet the expectations of both parties.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Number of Consultations Conducted with Employees Concerning Employee – Related Policies	#	0	0
Number of Employees Covered by Collective Bargaining Agreement/s	#	N/A	N/A
Percentage of Employees Covered by Collective Bargaining Agreement/s	%	N/A	N/A

As SPI does not have any established trade unions, collective bargaining agreements do not apply to our operations. Despite this, we remain committed to ensuring fair treatment and open dialogue with employees, prioritizing their well-being and fostering a positive work environment.

Our Management Approach

EMPOWERING OUR WORKFORCE

We adhere to relevant laws and regulations to ensure our compliance to fair workplace practices. Our labor laws are in accordance with the requirements of the Department of Labor and Employment (DOLE) to ensure the safety and security of our employees.

SPI continues to build its relationship with its employees through the Employee Grievance and Feedback Mechanism. This seeks to open avenues for employees to air grievances and provide SPI management with informed solutions to address possible gaps in a timely and effective manner. Our Company also conducts an annual Organizational Climate Survey to assess employee satisfaction and make necessary adjustments to employee-related policies and programs when necessary.

In addition to supporting our staff, HR has deployed a series of staff engagement activities, such as team building, values alignment, and strategic planning sessions as part of our holistic approach to treating our workforce fairly.

ENVIRONMENTAL

RESPONSIBLE BUSINESS

Resource Management

Energy Consumption within the Organization

Across SPI's operations, energy plays a critical role in meeting our business goals – particularly in developing our construction sites and powering our existing properties. We thus understand the need to monitor our energy use in order to explore how we can reduce our carbon footprint. Doing so not only minimizes our environmental impact but also enhances the efficiency across our energy-intensive operations. We are also able to reduce operational costs within our everyday operations, which contributes to our long-term economic resilience.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Renewable Resources	GJ	2,000	0
Gasoline	GJ	2,130	1,194
LPG	GJ	34,146	57,788
Diesel	GJ	26,074	36,391
Electricity	kWh	116,915,734	107,784,819

ENERGY SAVINGS		
DISCLOSURE	UNIT	2024
Renewable Resources	GJ	0
Gasoline	GJ	63.61
LPG	GJ	16,479.81
Diesel	GJ	1,454.57
Electricity	kWh	8,410,323

ENERGY INTENSITY		
DISCLOSURE	UNIT	2024
Energy intensity	GJ per million Php revenue	31.44

In 2024, we significantly expanded our operations with the construction of new estate development projects. This has led to a significant change in the consumption of our resources, including energy. This has resulted in an increase in LPG and diesel brought by intensified operations. However, across our regular operations among subsidiaries, we successfully minimized diesel consumption due to more stable power conditions, reducing reliance on generator sets. Electricity consumption also decreased by 8%, contributing to 8.4 million kWh in energy savings. This is associated with energy efficiency measures, including LED conversions in residential hallways, and optimized operation of air conditioning units, fans, and other electrical systems.

Our Management Approach

ENERGY CHALLENGE

SPI performs regular inspections and audits to determine areas where energy can be reduced.Moving forward, we seek to enhance our energy conservation programs and explore emerging technologies that will further optimize our resource consumption, such as the adoption of efficient LED lights and smart systems. This will also reduce the organization's environmental footprint, which is crucial for us to maintain our green building credentials.

Materials Used by the Organization

SPI acknowledges the negative impacts that improper waste generation has on both the environment and the community. As such, understanding and managing our resource consumption is critical for achieving more sustainable operations. SPI embraces the principles of circular economy, which puts an emphasis on the conscious use of everyday resources to minimize resource consumption.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Materials Used by Weight/Volume		21,290	4,939,141,890
Renewable	Kg or L	200	11,588,430
Non-Renewable	Kg or L	21,090	4,927,556,052
Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services	%	0	7.6×10^{-5}

The substantial increase in material consumption for FY 2024 is primarily driven by SPI's expanded operations across multiple construction sites following post-pandemic completion and ongoing projects – which include SRWW, Aurelia, Shang One Horizon, Haraya Project, Laya Project, and Shang Summit (ABS-CBN Project). These initiatives required significantly higher material inputs to support infrastructure development and operational scaling. Additionally, SPI has strengthened its monitoring and reporting processes across subsidiaries, leading to more comprehensive and accurate data collection on material usage.

Notably, there has been a significant increase in the use of renewable materials from 2023 to 2024, brought about by monitoring of timberwork and bamboo used during construction. We have also utilized recycled materials across our operations through the utilization of recycled structural steel and reinforcement bars.

Our Management Approach

MATERIALS MATTER

SPI abides by all rules and regulations applicable to material use and consumption. The Company has designated a Pollution Control Officer who has completed relevant training courses to manage our compliance with environmental laws. We have also adopted strict Environmental, Occupational Health, and Safety standards for the loading, unloading, and transport of materials.

In addition to embracing circular economy principles into our operations, we have strengthened our existing resource strategies in 2024 through the use of recycled structural steel and reinforcement bars in some of our ongoing developments. We are also looking into the use of reclaimed wood and other sustainable building materials to improve resource efficiency in construction.

Water and Effluents

We at SPI recognize that water is a vital resource and a basic right. Effective water management is crucial to addressing the challenges of water security, and should be a priority across industries such as real estate that significantly influences water distribution in its surrounding communities.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Water Consumption	m^3	1,133,242	1,056,526
Water Recycled and Reused	m^3	177,123	148,396
Total Volume of Water Discharges	m^3	890,261	690,705
Percent of Wastewater Recycled	%	15.74	20.89

WATER INTENSITY		
DISCLOSURE	UNIT	2024
Water intensity	m^3 per million Php revenue	68.71

In 2024, despite an increase in events and activities, SPI achieved a 6.77% reduction in water consumption compared to 2023. Water recycled and reused also saw a decline of 16.22%, reflecting a more cautious approach to water management.

Our Management Approach

WATER STEWARDSHIP

Our Pollution Control Officer (PCO) plays a key role in overseeing water consumption, managing wastewater discharge, and ensuring the proper maintenance of our wastewater tanks. Across our operations, we continue to implement proactive measures such as the routine maintenance of water supply valves, installation of water-efficient fittings, and utilization of rainwater for non-potable uses. We also conduct water audits to inform our business strategy when it comes to water security.

Across our stakeholders, we also engage with tenants, customers, and regulatory agencies to raise awareness and promote action toward sustainable water management practices. This allows us to uphold a conscious community that puts an importance on water conservation.

Air Emissions

We acknowledge that the management of emissions is one of the most critical issues necessary to protect human health, natural ecosystems, and mitigate the warming climate. As global efforts intensify to curb carbon footprints, we remain committed to integrating responsible emissions management into our operations.

GHG EMISSIONS			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Direct (Scope 1) GHG Emissions	Tonnes CO2e	3,914	5,991.80
Energy indirect (Scope 2) GHG Emissions	Tonnes CO2e	74,358	55,616.97

GHG EMISSIONS INTENSITY		
DISCLOSURE	UNIT	
		2024
GHG emissions intensity	Metric tons CO2e per million Php revenue	4.01

AIR POLLUTANTS			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
NOX	kg	N/A	N/A
SOX	kg	N/A	N/A
Persistent Organic Pollutants (POPs)	kg	N/A	N/A
Volatile Organic Compounds (VOCs)	kg	N/A	N/A
Hazardous Air Pollutants (HAPs)	kg	N/A	N/A
Particulate Matter (PM)	kg	N/A	N/A

In 2024, SPI recorded a significant increase in direct (Scope 1) greenhouse gas (GHG) emissions. This increase is primarily attributed to higher fuel consumption across operations, including expanded construction activities and the greater use of diesel and gasoline. Scope 2 emissions were conversely reduced due to lower electricity consumption in FY 2024. It is also important to note that air emissions from standby generator sets were not measured in 2024, as per the DENR MC No. 2022-03, which no longer requires such measurements for standby generators.

Our Management Approach

CARING FOR OUR PLANET

We are committed to minimizing air pollution across our operations by ensuring that our equipment meets environmental standards and regulations, including the Clean Air Act (Republic Act No. 8749). Our Pollution Control Officer conducts regular evaluations of heavy industrial equipment, including necessary maintenance services, repairs, and management. Some of our properties have also implemented emission reduction strategies to curb our footprint, such as the optimization of our chilled water plants in Shangri-La The Fort which has significantly reduced 1,100 tCO_2 annually. Additionally, any machinery owned by the Company that no longer meets environmental standards and regulations is immediately phased out.

Across our subsidiaries, we actively track fuel and electricity consumption to improve carbon efficiency, and we take part in carbon offset programs through the implementation of tree-planting initiatives. Looking ahead, we look forward to exploring innovative ways to reduce pollutants in our business operations by scanning different technologies and systems that we can integrate into our operations.

Feature Story

SPI Conducts Mangrove Planting in Cebu

In collaboration with the Cebu City Environment and Natural Resources Office (CCENRO) and subsidiary Shang Properties Realty Corporation, SPI conducted a tree-planting activity on November 16, 2024, planting 4,846 mangrove propagules along the South Road Properties (SRP) coastline to strengthen coastal protection and reduce flooding. This follows our previous tree-planting efforts, including 4,930 mangrove propagules planted on October 26 and 450 native saplings on November 9. To date, SPI has planted 10,226 trees, with a goal of reaching 24,887.

Solid and Hazardous Wastes

We recognize that improper management of solid and hazardous wastes can significantly impact the environment and surrounding communities. SPI cares for the health and wellbeing of external stakeholders, and it is important that we help reduce land and water pollution across our communities.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Total Solid Waste Generated	kg	5,117,882	55,827,719
Reusable	kg	0	0
Recyclable	kg	854,337	1,817,567
Composted	kg	277,110	176,954
Incinerated	kg	0	0
Residuals / Landfilled	kg	2,476,820	52,207,267
Total and percentage of waste recycled reused	ton	854,337.00	1,817,567.00
	%	16.69%	3.26%
Total Weight of Hazardous Waste Generated	kg	65,732	41,100
Total Weight of Hazardous Waste Transported	kg	88,873	37,392

SOLID WASTE INTENSITY		
DISCLOSURE	UNIT	2024
Solid waste intensity	Metric tons per million PHP revenue	3,630.60

SPI recorded a significant rise in waste for FY 2024 in line with the surge of construction operations and waste tracking during the year. This increase is also attributed to the higher number of events hosted in One Shangri-La Place Condominium Corp., as well as the increase in tenant occupancy in The Enterprise Center Condominium Corp. The overall rise in waste has also led to a higher volume being directed to landfills.

In terms of hazardous waste, we noticed that the majority of the hazardous waste recorded in 2023 was from oil changes in the generator sets. However, based on a comprehensive technical analysis, oil changes were not required in 2024, and thus a significant decrease was recorded for hazardous waste.

Our Management Approach

RETHINKING WASTE

To streamline waste management across our subsidiaries, we utilize a Waste Data Collection System (WDCS) to track waste generation and ensure proper segregation. Our waste management processes are overseen by our Pollution Control Officer, ensuring compliance with environmental regulations and industry standards. We partner with accredited service providers who can assist us in the proper disposal of our waste. Additionally, we maintain paper reduction initiatives, including paperless check-in systems and the recycling of outdated printed materials.

Feature Story

SPI Celebrates Earth Day

Achieving environmental sustainability is a shared responsibility that requires collective action. Shangri-La Plaza, in partnership with different brands, demonstrated its commitment to sustainability through a showcase of different environmental initiatives last April 2024. This event involved compostable packaging and recycled materials, eco-friendly shopping bags, carbon-neutral products, marine conservation initiatives, and water-saving techniques. Shangri-La Plaza also hosted the #IStandWithMotherEarth Pledge Wall during Earth Hour, aiming to inspire more people to take small steps towards environmental stewardship.

Environmental Compliance

As a leading business in the Philippines, we uphold strict environmental compliance to align our operations with regulatory standards and industry best practices. We continuously aim to make a lasting, positive impact on the environment by working closely with regulatory bodies and industry partners to stay updated on evolving environmental standards.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	PHP	0	0
No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations	#	0	0
No. of Cases Resolved through Dispute Resolution Mechanism	#	0	1

SPI continued to uphold its commitment to environmental compliance, with no monetary fines nor non-monetary sanctions incurred for non-compliance with environmental laws or regulations. Although a case arose in relation to a hazardous waste permit concern, this was promptly addressed and successfully resolved through our dispute mechanism. This experience highlights our proactive approach to maintaining compliance and continuously improving our environmental management practices.

Our Management Approach

BEYOND COMPLIANCE

We adhere to all applicable environmental laws, regulations, and standards, supported by a structured environmental management system. A full-time Pollution Control Officer oversees compliance to ensure alignment with regulatory requirements.

In addition, SPI partners with third-party experts to stay informed on evolving regulatory requirements in sustainability reporting, including preparations for the transition to the SuRe Form, which will soon incorporate climate-related financial disclosures. Ensuring compliance with environmental regulations remains a top priority for our business, so that we can reinforce our commitment to responsible practices and set ourselves as a conscious industry leader.

SOCIAL

Diversity, Equal Opportunity, & Anti-Discrimination

At SPI, we recognize that diversity allows for a broader set of talents and perspectives that positively impact our organization. This is why we aim to be an inclusive workplace where individuals come from many different backgrounds; all our employees must feel valued, respected, and empowered to enable them to give their best in all they do.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
% of Female Workers in the Workforce	%	45	47
% of Male Workers in the Workforce	%	55	53
Number of Employees from Indigenous Communities and/or Vulnerable Sector	#	42	42

In 2024, we reported a 2% increase in female employees brought about by the addition of 163 new female hires compared to the previous year. We continue to close the gender gap by actively promoting diversity within our workforce, where we ensure equal opportunities for growth and advancement regardless of gender. In addition, we are committed to fostering an inclusive environment by welcoming individuals from indigenous communities into our Company, reinforcing our dedication to creating a diverse, equitable, and respectful workplace for all.

Human Resources Policies

SPI upholds a zero-tolerance policy against gender-based harassment, bullying, and any form of workplace misconduct to ensure a safe, inclusive, and respectful environment. Employees are expected to adhere to high standards of professional decorum, fostering a culture of dignity and mutual respect. The Company strictly enforces policies under Section VI: Harassment in the Workplace, Section VII: Anti-Sexual Harassment, and Section VIII: Anti-Violence Against Women and Their Children Act, outlining clear reporting mechanisms and grievance procedures to address complaints confidentially and fairly. Additionally, under Section IV: Drug-Free Workplace, the Company prohibits substance abuse to maintain workplace integrity and employee well-being. Violations of these policies will result in appropriate disciplinary action, reinforcing the Company's commitment to a safe and professional work environment.

Our Management Approach

APPROACH TO INCLUSION

Abiding by equal opportunity policies, we are deeply committed to upholding a workplace free from prejudice and bias. Discrimination in any form - be it race, color, religion, sexual orientation, or any other characteristic covered by applicable law - is strictly forbidden. The recruitment and employment processes are to comply with all the labor laws and regulations issued by the DOLE.

In addition, we adhere to our anti-discrimination, anti-harassment, and human rights policies and procedures incorporated into the SPI Code of Conduct and Business Ethics. By being strong advocates of equal opportunities and anti-discrimination policies, we attract the best talents and instill trust and credibility with our stakeholders.

RISK MANAGEMENT

Identification of climate- and sustainability-related risks

Our Enterprise Risk Management System (ERMS) Policy serves as the cornerstone to identifying and managing potential and actual risks to the Company's operations. We understand that risks are inherent when doing business, and thus it is vital for SPI and our subsidiaries to prioritize risk management to prevent strategic threats and operational issues.

Assessment and prioritization of climate- and sustainability-related risks

SPI's Board of Directors (BOD) annually reviews the Company's risks and evaluates its internal control framework, which covers the following key areas: (i) setting objectives and budgets, (ii) establishing regular financial reporting, with a focus on tracking deviations between actual performance and budgets/targets, (iii) delegating authority, and (iv) defining clear lines of accountability.

Monitoring of climate- and sustainability-related risks

Once these risks are identified, SPI monitors and manages these through a focused approach:

Risk Type	Management
Strategic	The BOD evaluates the Company's business strategies and objectives as well as the budget needed to implement these strategies. In line with this, the Executive Director monitors the conduct and operations of individual business units, reviews and approves business strategies and plans, sets performance targets and decides the design and implementation of internal controls
Operational	Management for operational-related risks is carried out by the Company's management, in accordance with policies approved by the Board. To facilitate the delegation of roles and responsibilities, a well-defined organizational structure is in place to determine levels of accountability within each business unit.
Compliance	Relevant business departments implement a management compliance process to identify and address all applicable requirements. Our management teams assess and determine the state of compliance to ensure that we abide by all laws and regulations related to environmental, employee health and safety, security and disaster, and local tax and statutory.

Occupational Health & Safety

Occupational Health and Safety (OHS) is an integral part of SPI's operations. We recognize the role that an effective OHS management system has in creating safe workplaces, upholding regulatory compliance, and mitigating risks.We are aware that the various jobs within our sector include construction sites, maintenance, repair, and property management, which have inherent risks to employees and workers. SPI is well aware of the role that an effective OHS management system has in creating safe workplaces, upholding regulatory compliance, and mitigating these risks.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Safe Man-Hours	Man-Hours	850,250	809,997
No. of Work – Related Injuries	#	11	4
No. of Work – Related Fatalities	#	0	0
No. of Work – Related Ill-Health	#	4	0
No. of Safety Drills	#	519	875

In 2024, the company experienced a notable decrease in man-hours due to employee turnover throughout the fiscal year. However, in response to the expansion of our operations, we proactively increased the number of safety drills by 68.5%. This strategic focus on safety training has been instrumental in achieving a record of zero work-related injuries, fatalities, or ill-health cases, reflecting our ongoing commitment to fostering a safe and secure work environment for all employees.

Our Management Approach

FOSTERING A SAFER WORKPLACE CULTURE

Reaffirming our commitment to a safe work environment, we maintained an Occupational Health and Safety Management System in accordance with ISO 45001:2018. We also implement a comprehensive OHS program that integrates our commitment to comply with relevant OHS legislation, Codes of Conduct, guidelines, and our Zero Accident Vision.

SPI values the identification and control of potential OHS hazards within the workplace. We promote education of employees in OHS and EHS matters on an ongoing basis. Holding an annual Fire Safety Seminar and Fire Evacuation Drill, Earthquake Drill, encouraging employees to undergo regular physical exams or executive check-ups, and giving anti-flu vaccine shots are all part of our safety program.

Our proactive focus on OHS aims to develop a workplace environment that is safe and healthy, satisfies employees, and attracts clients who are concerned about responsible and ethical business practices. SPI continues to observe the regulatory and legal requirements to safeguard the safety and well-being of our workers, contractors, and stakeholders at all our operations.

Supply Chain Management

SPI integrates sustainability into its Supply Chain Management (SCM) strategy to address environmental concerns and ethical sourcing issues. With rising costs of raw materials, fluctuating labor availability, and logistical delays affecting real estate development, we prioritize building a resilient supply chain to reduce negative impacts to SPI's internal project timelines, supplier relationships, and overall financial performance. Employees, suppliers, contractors, and investors all depend on a well-managed supply chain that delivers projects on time and within budget.

SUSTAINABILITY TOPICS WHEN ACCREDITING SUPPLIERS		
TOPIC	2023	2024
Environmental Performance	✓	✓
Forced Labor	✓	✓
Child Labor	✓	✓
Human Rights	✓	✓
Bribery and Corruption	✓	✓

Referenced in Company Policy: Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure and Section 5 of the Supplier Code of Conduct.

To ensure responsible sourcing, we require all suppliers to follow the SPI Supplier Code of Conduct and Vendor Accreditation Procedure. Our policies cover key sustainability areas, including environmental performance, human rights, anti-forced and child labor, and anti-bribery and corruption. These commitments help create a supply chain that supports both our business and society.

Feature Story

On the path to PHL's sustainable future

The "Investing for Sustainable Development from Cebu and Beyond" forum was held on October 18, 2024 at the NUSTAR Ballroom, NUSTAR Resort & Casino. Organized by BusinessWorld and The Freeman, the event gathered leaders, policymakers, corporate executives, and advocates to accelerate the Philippines' progress toward the United Nations Sustainable Development Goals (SDGs). Keynote speakers, including Edwine Carrie from the United Nations Development Programme (UNDP) Philippines and Maria Veronica Magsino from the Philippine Economic Zone Authority (PEZA), discussed the nation's journey toward achieving SDGs and the importance of sustainable investment.

SPI played a significant role as one of the event sponsors. The forum emphasized the importance of collective action and strategic efforts to address climate change, resource scarcity, and social inequality, particularly in regions like Cebu, which are rich in resources yet vulnerable to ecological strain.

Sustainability Accreditation Policy

Annex 1: Vendor Accreditation Procedure
Annex 2: Supplier Code of Conduct

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers	%	98.00	98.00

The procurement budget on local suppliers remained at 98% for FY 2024. This is still primarily due to the utilization of Microsoft 365 digital services tied to the Company's Hong Kong affiliates. Despite this, SPI continues to maintain almost full reliance on local sourcing across its value chain, especially for physical resources. This not only supports the growth of local enterprises but also reduces its environmental footprint associated with sourcing supplies from abroad.

Our Management Approach

RESPONSIBLE SOURCING

SPI holds the belief that responsible sourcing contributes to business success and the sustainable future we aim to create. We uphold this belief by strictly abiding by the standards set in the SPI Supplier Code of Conduct.

We uphold strict standards for legal compliance, product quality, business ethics, labor practices, environmental responsibility, anti-corruption, data protection, and property rights to ensure a responsible and sustainable supply chain. Our Procurement team carefully selects suppliers who exceed our requirements and collaborate closely to maintain compliance. This partnership is key to building a supply chain that reflects our commitment to responsibility and sustainability.

Feature Story

Shangri-La Plaza celebrates valued partners, new gen of business leaders

Shangri-La Plaza recently hosted an event dedicated to celebrating its most esteemed partners and retailers. Returning after a five-year hiatus, the Retailers' Thanksgiving Night emphasized the significance of collaborating with top-tier partners.

The event focused on the new generation of business leaders, featuring a panel discussion. These leaders shared their experiences and insights, providing valuable perspectives for the future of retail.

Shangri-La Plaza's 2024 Retail Partners Thanksgiving was a wonderful opportunity to reaffirm our commitment to innovation and support for its retail partners. Joy R. Polloso, EVP for Commercial and Retail of SPI, emphasized our dedication to fostering strong partnerships and building a better future together. The event set the stage for a prosperous year ahead, celebrating the collaborative spirit and forward-thinking of all involved.

Customer Privacy and Data Security

Customer privacy is an increasing concern especially with the evolving digital landscape. Online data sharing and storage have become widespread, which means that protecting such information requires a proactive approach. Failure to do so can lead to legal and financial implications which may tarnish the company's reputation. Safeguarding customer privacy does not only reduce risk but also instills confidence in our customers, hence creating long-term relationships.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
No. of Substantiated Complaints on Customer Privacy	#	0	0
No. of Complaints Addressed	#	0	0
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0

We continue to uphold zero reported incidents in relation to Customer Privacy as well as data breaches, leaks, thefts, and losses. Our ongoing commitment to maintaining a high standard of privacy protection reflects our proactive approach in safeguarding sensitive customer information.

Our Management Approach

COMMITMENT TO PRIVACY AND SECURITY

Our Data Privacy Officer diligently observes compliance with the Data Privacy Act of 2012 (RA 10173) and all other pertinent data privacy and security laws, rules, and regulations. To strengthen protection of our vital information, SPI has established an internal management system for data privacy. We conduct regular independent penetration testing (VAPT), annual internal and external security audits, routine backups, and antivirus updates to safeguard our IT environment.

SPI also conducts training programs for employees and frequent awareness initiatives relating to customer privacy and data security. Recognizing the need for continuous improvement, SPI is launching training courses to strengthen defenses against data breaches, cyber-attacks, and data loss. Our commitment to data privacy and security remains a top priority to protect customer information and ensure compliance.

EMPLOYEE WELFARE

Employee Hiring and Benefits

SPI is committed to attracting and retaining top talent, as we understand the impact our workforce has on the success of our projects and overall business performance. A strong hiring process ensures we bring in skilled professionals who drive efficiency and innovation within our operations. Apart from this, we seek to build a resilient workforce to increase our business continuity amid different challenges faced by the job market.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Total Number of Employees	#	783	1092
a. Number of Female Employees	#	354	500
b. Number of Male Employees	#	429	592

DISCLOSURE	UNIT	Female	Male
Total number of board of directors, by gender	✓	1	3
Total number of senior management employees, by gender	✓	36	47
Total number of middle management employees, by gender	✓	196	211
Total number of rank-and-file employees or staff, by gender	✓	267	331

PERCENTAGE OF EMPLOYEES AVAILING THE BENEFITS				
DISCLOSURE	2023	2024	2024	
			Female	Male
SSS	✓	✓	47.40%	55%
PhilHealth	✓	✓	42.20%	51%
PAG - IBIG	✓	✓	46.20%	53%
Parental Leaves	✓	✓	1.16%	0%
Vacation Leaves	✓	✓	99.80%	98%
Sick Leaves	✓	✓	86.20%	85%
Medical Benefits *(Aside from PhilHealth)*	✓	✓	38.80%	49%
Retirement Fund *(Aside from SSS)*	✓	✓	1.55%	3%
Flexible – Working Hours	✓	✓	38.80%	49%

In 2024, SPI recorded an increase in employee hires as a result of the Company's business expansion. Gender distribution across all employee levels remained relatively balanced, particularly in middle management and rank-and-file positions. SPI continues to provide both government-mandated and company-sponsored benefits to all employees, regardless of gender, recognizing the importance of these programs in supporting and promoting overall employee well-being.

Our Management Approach

CULTURE OF CARE

SPI adheres to the Labor Code of the Philippines, which governs employment practices, including hiring procedures and employee benefits. We provide competitive benefits, including health insurance, retirement plans, and paid leave, in full compliance with statutory requirements. Our comprehensive insurance also covers accident, critical illness, life, medical, and hospitalization benefits for employees and their dependents.

We keep employees informed on health and medical matters through regular updates from our health partners and service providers. To promote overall well-being, we encourage annual executive check-ups and physical exams and occasionally hold recreational events to foster wellness, teamwork, and camaraderie beyond the workplace.

Recognizing the importance of work-life balance, we provide comprehensive leave benefits to support employees' personal and family needs. A structured retirement plan ensures financial security for full-time employees upon exit, while medical coverage extends to regular and confirmed project-based employees. Overall, SPI is committed to creating a work environment that prioritizes both the physical and mental well-being of its employees.

Employee Training and Development

SPI implements employee training and development programs to strengthen skills, improve performance, and align with business goals. Factors such as resource allocation, varying learning demands, and adapting to evolving industry demands can affect training effectiveness. Implementing a needs-based approach to training allows a structured solution to address operational efficiency and talent development within the organization. By investing in employee skills and knowledge, SPI strengthens service quality, maintains competitiveness, and supports long-term business growth.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Total Training Hours Provided to Employees			
a. Female Employee	Hours	9,796	18,175
b. Male Employee	Hours	13,805	27,668
Average Training Hours Provided to Employees			
a. Female Employees	Hrs/Employee	60.50	36.35
a. Male Employees	Hrs/Employee	82.50	46.74

We recorded an increase in total training hours for FY 2024, particularly due to increased training of our SGCPI subsidiary. Despite this, average training hours were lower for both genders due to the increase of the workforce.

Our Management Approach

NURTURING TALENT

SPI ensures equal access to opportunities for competency training and leadership development. We have allocated sufficient budget to digital learning, coaching, and mentoring so that our workforce remains equipped for the challenges of the contemporary workplace.

Our strategic training plan and relevant company policies provide a framework for improving our training workflow. The Human Resources Department, in collaboration with department heads, oversees the execution and impact of training programs, ensuring alignment with business needs and employee career progression. Monitoring strategies include assessments and performance tracking to measure training effectiveness.

In 2024, SPI launched several key training programs. These initiatives included leadership development workshops, technical skills training, and the integration of digital learning platforms to promote continuous learning. The company also prioritized compliance and industry-specific training to maintain high standards and regulatory adherence. These aim to help our workforce understand industry trends, best practices, and improve job performance, acquire new skills – all of which aim to support career growth while boosting the overall competence of SPI as a whole.

Labor Standards and Human Rights

SPI remains steadfast in its commitment to upholding labor standards and human rights across all operations. This dedication reinforces our core values as a responsible business while ensuring full compliance with legal requirements, thereby mitigating risks such as unfair labor practices, workplace discrimination, and labor violations. Our commitment extends beyond our internal workforce to our supply chain and the communities in which we operate, fostering a culture of ethical responsibility and fair treatment. By adopting a broader approach to labor management, we uphold human rights across all stakeholder groups and are able to strengthen our governance framework.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0

POLICIES
Our commitment to the highest ethical standards is reflected in our policies, which explicitly prohibit any violations of labor laws and human rights. For more information, please refer to our Code of Business Conduct and Ethics:
https://www.shangproperties.com/app/uploads/2021/05/Code-of-Business-Ethics.pdf
https://www.shangproperties.com/app/uploads/2021/05/05.pdf

TOPIC	2023	2024	Reference in Company Policy
Forced Labor	✓	✓	Code of Business Conduct and Ethics
Child Labor	✓	✓	Code of Business Conduct and Ethics
Human Rights	✓	✓	Code of Business Conduct and Ethics

We have not had any reported incidents involving forced or child labor within our operations. Our Code of Business Conduct and Ethics strictly condone any form of unethical business practices that pose a threat to an individual's human rights, including forced and child labor. This commitment is deeply ingrained in our operations and will continue to guide our efforts in the future.

Our Management Approach

RIGHTS AT WORK

We ensure compliance with the Department of Labor and Employment's requirements through our Code of Business Conduct and Ethics and related policies. To support employees, we provide a structured process for raising concerns, as well as the conduct of organizational surveys to ensure their voices are heard and addressed.

To raise awareness on labor standards and human rights, SPI conducts seminars, orientation sessions, and disseminates policies via email. We plan to organize events related to labor standards and human rights to further encourage active participation from employees and stakeholders. Overall, our management approach promotes an open and transparent workplace, demonstrating our commitment to maintaining a responsible workplace.

CUSTOMER EXPERIENCE

Customer Satisfaction

At SPI, customer satisfaction is a cornerstone of our commitment to excellence – guiding the design, development, and delivery of our premium real estate experiences. Ensuring high customer satisfaction drives business growth, strengthens brand reputation, and fosters long-term client relationships. SPI aims to sustain a loyal customer base, attract new clients, and generate revenue. In an ever-competitive marketplace, SPI recognizes the need for providing outstanding service to maintain our position in the real estate sector.

DISCLOSURE	UNITS	SCORE	
		2023	2024
Customer Satisfaction Score	%	89	90.76

Customer Health and Safety

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
No. of Substantiated Complaints on Product or Service Health and Safety	#	4,798	4,825
No. of Complaints Addressed	#	4,798	4,825

Throughout the year, the Company has consistently prioritized customer satisfaction and the health and safety of its employees. We recorded a slight increase in customer satisfaction as recorded by our SGCPI subsidiary. In terms of customer health and safety, while the number of substantiated complaints increased, we committed to addressing 100% of these concerns in 2024. This highlights the Company's consistent approach to addressing customer complaints while maintaining a high level of satisfaction.

Our Management Approach

RAISING THE BAR

To effectively manage our impacts to customer health and safety, SPI pursues relevant certifications and appoints health and safety officers across its subsidiaries. We also conduct preventive maintenance of our facilities and equipment, conduct training and awareness to process employee concerns, and monitor customer feedback through our complaints management system.

SPI has also integrated customer satisfaction into its Revised Manual on Corporate Governance. The Customer Relations Unit (CRU) oversees these initiatives, working closely with various departments to improve our services based on customer insights. Monitoring strategies include conducting regular customer satisfaction surveys, maintaining telephone hotlines, and actively engaging on social media platforms to gather feedback and address concerns promptly.

We firmly believe that addressing complaints and concerns is integral to our commitment to sustainability and exceptional customer service. By investing time to comprehend and resolve issues, we not only enhance our operational efficiency but also provide an even better experience for our valued guests.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

ECONOMIC

Php 195.6M
Taxes paid

Php 41.4M
Investments to community

1,092
Total no. of organic employees

Material Topic/Disclosure: Economic Performance

As a key player in the Philippine property market, SPI actively supports sustainable development by promoting job generation, contributing to government tax revenues, nurturing relationships with suppliers, investing in communities through donations, and exploring more impactful corporate social responsibility endeavors.

ENVIRONMENT

8,410,323 kWh
Electricity savings

1,817,567 kg
Waste Recycled

148,396 kg
Wastewater Recycled

Material Topics: Resource Management, Environmental Impact Management, Environmental Compliance

The environment is our most vital partner from whom we get the resource inputs required to sustain our business operations. At SPI, we are very conscious of the need to address resource availability, and we integrate new technology and conscious material, water, and energy management initiatives as contributions toward a more sustainable and circular economy.

SOCIAL

809,997
Safe man-hours

875
No. of Safety drills

500
Female workers in the workforce

0
Work-related fatalities

45,843
Total training hours

0
Cases of Child or Forced Labor

Material Topic/Disclosure: Employee Management, Workplace Conditions, Labor Standards and Human Rights

As one of the largest employers in the hospitality and real estate industry of the Philippines, we are keenly aware of the huge responsibility we carry in providing a safe and healthy working environment for our employees, customers, and all other stakeholders. As such, we strictly adhere to applicable labor laws and regulations promulgated by the Department of Labor and Employment (DOLE) and other relevant government agencies. Besides, we know our company performs best in diversity. We keep the workplace safe and welcoming, with values and respect to individuals of all gender, ethnicity, background, sexual orientation, and beliefs.

ANNEX I

o. Utility companies (electricity, water, and gas)

p. Banks

q. Newspaper or publishing companies,

r. Telecom companies

s. Garbage Haulers

t. SPI Mall Tenants

u. Top 100 companies in the Philippines declared by Securities and Exchange Commission (SEC).

v. Spot Purchase less than 3,000.00 PHP.

w. Vendors with less than Ten (16) Purchase Orders and not more than PHP 300,000.00 of annual cumulative purchase.

1.3 Support Document: Approval Authorization Chart approved by the Chairman.

2. REFERENCED DOCUMENTS

2.1 DP-SPI PROC 1.1 PR to PO Procedure

2.2 DP-DPI PROC 1.8 Vendor Accreditation Procedures

2.3 DP-SPI PROC 1.2 Procurement Bidding Procedure

2.4 DP-SPI PROC 1.3 Exemption from Bidding and Canvassing Procedure

2.5 Approval Authorization Chart Approved by the Chairman

3. MATERIALS AND EQUIPMENT: N/A

4. SAFETY: N/A

5. PROCESS DEFINITION AND CONTROL

5.1 Only accredited vendors shall be considered for bidding of goods and services.

5.2 All potential vendors who will supply goods and services to the company must undergo an accreditation process, either through in-house accreditation or under third party assessment, to ensure that the Company deals only with legal, technically competent and financially capable vendors. In emergency cases, or for one-time supply, the accreditation process may not be immediately undertaken. However, prior approval from the Head-Purchasing shall be secured before proceeding with the procurement processes.

5.3 Approval for accreditation by the VAC must be unanimous. Refer to the Approval Authorization Chart approved by the Chairman.

5.4 There are two (2) types of Assessment:

5.4.1 In-House Assessment and Accreditation – All vendors with total cumulative amount of purchase not more than PHP 300,000.00 annually and more than fifteen (15) Purchase Orders must undergo in-house assessment and accreditation.

The initiative must be done by the members of the VAC committee – from the compilation of requirements, assessment and up to issuance of the certificate of accreditation to the vendor.

5.4.2 Third Party Assessment – All vendors with total amount of purchase with more than PHP 300,000.00 annually must undergo Third Party Assessment.

Evaluation, Ratings and Issuance of Accreditation Certificate is still under the Vendor Accreditation Committee (VAC).

5.5 Vendors that are exempted to this process may refer to section item 1.2.

5.6 Accreditation of Vendors shall be done whenever the following instances are encountered:

5.6.1 New requirement arises

5.6.2 Need to make a supply situation more competitive

5.6.3 Replacement of vendors due to following reasons:

5.6.3.1 Vendor has gone out of business

5.6.3.2 Vendor has discontinued production of a particular line;

5.6.3.3 Outdated technology; or,

5.6.3.4 Vendors' performance review results to poor performance as defined in Vendor Performance Evaluation

5.6.3.5 Existing vendor is recommended for blocking as defined in Vendor Performance Evaluation

5.6.4 Every three (3) years renewal for existing accredited vendor

5.7 Sources of Potential Vendors for Accreditation:

5.7.1 Purchasing Department shall source individual vendors where a product /service can be ordered. These include manufacturers or independent distributors and direct service providers. These can be done through the following sources:

5.7.1.1 Company's database of current and past vendors;

5.7.1.2 Trade directories, buyer's guides, yellow pages;

5.7.1.3 Vendors themselves through visits from sales force or direct mail shots;

5.7.1.4 Exhibitions and conferences;

5.7.1.5 Periodicals;

5.7.1.6 Professional colleagues within the Kuok group and outside the Company;

5.7.1.7 Embassies; and,

5.7.1.8 E-bay and other electronic portals

5.8 Vendor Accreditation Committee (VAC) Members

5.8.1 Chairmanship of the Vendor Accreditation Committee shall be the Vice President and Group Financial Controller. The chairman shall convene the committee meetings, resolve issues, and break impasses as regards Vendor Accreditation whenever necessary.

5.8.2 The committee shall be composed of representatives from Finance, Technical and Purchasing who shall conduct and determine the following:

5.8.2.1 The desk top review of all documents and the application form submitted by the Vendor for completeness. Relevant documents to evaluate suitability of the product or services being offered by the vendor shall be reviewed in coordination with the concerned department.

5.8.2.2 Finance Representative – to conduct an analysis of financial viability of Vendor.

5.8.2.3 Technical representative – shall determine the vendor's technical background and capability to perform required works and services.

5.8.3 Technical Representative who shall check the acceptability and adaptability or interoperability functions of the vendor's products and/or services based on the user's specific and documented requirements and standards. It shall be coordinated with Purchasing.

5.8.4 Each member of the VAC shall complete the Approval Sheet, indicating the findings/ comments/ assessment and/ or recommendations. Refer to the Approval Authorization Chart approved by the Chairman.

5.9 Accreditation Requirements

5.9.1 Vendors applying for accreditation shall submit relevant documents listed in Annex 1, depending on the type of product or service offered.

5.9.2 Each VAC member (refer to section 5.8 for membership composition) shall be given a set of documents relevant to their review based on the accreditation criteria (refer to section 6).

5.9.3 The actual site visit shall be done by Purchasing and a representative from the Requestor and other subject matter experts (whenever necessary) who are familiar with the product/service of the vendor. Representatives from other groups such as Legal, Technical, HRAS, and Finance may be consulted or invited to confirm findings and observations during vendor visit, which shall serve as basis for accreditation.

5.10 Vendor visit is required for:

5.10.1 The accreditation of new/first-time vendors who will potentially supply both categories of products/services:

5.10.1.1 Category A – service providers with potentially more than PHP 5 Million annual contract. Vendor visit must be done prior of any award.

5.10.1.2 Category B – vendors with one-time contract and has more than PHP 3 Million potential purchase. Vendor visit must be done prior of any award.

5.10.2 Validation of accreditation or capability of existing vendors with regular/repeated contract having an annual spend of PHP 5 Million. Vendor visit must be done at least once every three years.

5.10.3 Whenever necessary, samples or demonstration units shall be required from the vendor to ensure the quality and interoperability of the products being offered. The testing or application of samples shall be coordinated with the user department. If the product is of such nature that testing is impractical due to the time or expense required, VAC would depend on the Technical evaluation of the design and specifications, qualifications and reputation of the vendor.

5.11 Accreditation Criteria and Documentation Requirements

5.11.1 A vendor applying for accreditation shall be evaluated based on three criteria - legal requirements compliance, its financial stability, and technical capability.

5.11.2 LEGAL CAPABILITY

5.11.2.1 The documentary requirements shall be as follows:

a. Business Registration Certificates [Certificate of Incorporation/Partnership from the Securities Exchange Commission (SEC) – for corporation/partnership, Certificate from the Department of Trade & Industry (DTI) – for sole proprietorship]

b. Incorporation Papers (Articles of Incorporation/Partnership/By-Laws)

c. Tax Identification Number (TIN)

d. BIR Registration 2303

e. Business Permit/Licenses: Mayor's permit; Health Permit; Fire Clearance Certificate; Sanitary Permit

f. Exclusive Distributorship Agreement

5.11.2.2 Vendors applying for accreditation shall be requested to present the original documents to the Company's authorized representative who will validate the authenticity of submitted documents.

5.11.2.3 Regulatory Requirements:

a. SSS Certificate of Payments

b. Service Contracts: Department of Labor and Employment (DOLE) / NLRC Clearance

c. Philippine Contractor Accreditation Board (PCAB) License

d. Any other legal requirements that may be deemed necessary for the specific product or service being offered.

5.11.2.4 Note: In case any of the documents presented were found insufficient, further documentation requirements shall be required.

5.11.3 FINANCIAL STABILITY

5.11.3.1 The VAC Approval sheet including the following pertinent documents shall be forwarded to Finance for proper evaluation:

a. Last two (2) years Audited Financial Statement (companies operating for 3 yrs. or more) or one (1) year Audited Financial Statement (companies operating for 1 to 2 year/s old); or

b. Un-audited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for one (1) - year old companies whose audited FS is not yet available at the time of accreditation); or

c. Interim Financial Statements should be certified true and correct by the President / CFO in every page using the company's letterhead (for companies who wishes to present their interim FS given the remarkable performance/recent developments which now becomes more relevant as compared to historical audited.

5.11.3.2 Finance Representative shall review the financial strengths/capability of all vendors applying for accreditation.

5.11.3.3 Only those vendors who pass will be included in the pool of accredited suppliers.

5.11.3.4 The result of financial evaluation shall be reflected in the VAC approval sheet including the findings/comments/assessment/ recommendations.

5.11.3.4.1 Re-evaluation of financial capability of accredited Vendors must be done at least once every three years.

5.11.3.4.2 Purchasing & Finance shall perform an updated actual spend analysis.

5.11.3.4.3 Vendor Master shall review the vendor profile and compare against the updated actual total spend per vendor description to check if there are vendors that change its risk/value profile. These Vendors shall be re-classified whenever necessary.

5.11.4 TECHNICAL CAPABILITY

5.11.4.1 Purchasing & the technical representative of the requisitioning department shall evaluate on the acceptability and suitability of the product or services offered by the vendor. This can be verified based on the conformance to regulatory and Company's standards, past performance/ relevant experience relative to the product/service offered can also be considered.

5.11.4.2 The vendor's adequacy of facilities, manpower and equipment to deliver the products or services on a continuing basis shall be validated thru any of the following:

5.11.4.2.1 Vendor Visit (Please refer to the section 9.4)

5.11.4.2.2 3rd Party validation

5.11.4.2.3 Interview of reference sites

5.11.4.3 The following documents shall be used to check on the product acceptability and adequacy of resources of the vendor:

a. Legal Documentary requirement for Contractors (Min: A): License from Philippine Contractor's Accreditation Board (PCAB)

b. Summary of Completed and on-going contracts (related to services offered) or List of Clients who have been using the products offered.

c. Certificate of Product Type Approval from regulatory / governing agency / international accrediting bodies, when the type of product requires it

d. Table of Organization/ Competencies of Technical Personnel (For service related vendors)

e. Technical Catalogs & Brochures for List of products / services carried

f. Statement of Types of Machineries & Equipment Owned

5.12 Inclusion in the List of Accredited Vendors

5.12.1 Once the overall accreditation process is completed and the Vendor has been successfully accredited, relevant information shall be entered in Vendor Master Data/Procurement System.

5.12.2 All Units involved in the purchasing process shall be informed of the newly accredited vendors. They should refer to and consider only those included in Vendor Master Data/Procurement System in the processing of a Purchase Requisition and in the issuance of Request for Quotation / Invitation to Bid or Purchase Order except the vendors in the exclusion list.

5.12.3 Purchasing shall be responsible for:

5.12.3.1 Ensuring that only accredited vendors are included in Vendor Master Data/Procurement System.

5.12.3.2 Ensuring that all changes to critical vendor data are regularly updated in Vendor Master Data/Procurement System; and,

5.12.3.3 Securing Vendor Master Data/Procurement System against unauthorized access/modifications. Finance shall review all accredited vendors inputted to the system by Purchasing.

5.13 All accredited vendors are required to submit the following documents for validation purposes and to update the Vendor Master file:

5.13.1 Audited Financial Statement

5.13.2 Business Permit (Mayor's Permit)

5.13.3 Updated or new product Catalogs

5.13.4 Above documents will validate legal existence and financial soundness of the existing vendors of the company on a continuing basis.

5.14 Issuance of Certificate of Accreditation

5.14.1 A letter to certify accreditation shall be given to all vendors who have passed the accreditation process of the Company stating the specific product or service to be offered.

5.14.2 The certification shall be valid for three (3) years from the date of issuance.

5.14.3 The Company shall consider accredited vendors as "Partners in Business". Vendors shall sign Business Ethics Agreement to protect the interest of both Parties.

6. ACCREDITATION REQUIREMENTS CHART:
Vendors shall be requested to submit the following documents for accreditation process:

Legal Compliance	Financial Requirement	Technical Competency
▪ Letter of Intent (with Vendor's company letterhead) ▪ Vendor Information Sheet ▪ SEC Business Registration Certificate for Corporations, ▪ DTI – Sole Proprietorship ▪ (Articles of Incorporation or ▪ Partnership / By – Laws) ▪ Tax Identification Number ▪ Business Permit / Licenses ▪ VAT or Non-VAT Registration ▪ PCAB and/or ▪ DOLE License ▪ Exclusive Distributorship Agreement ▪ Any other legal requirements that may deemed necessary for specific product or service being offered.	**For In-House Assessment and Accreditation :** ▪ Last Two (2) years Audited Financial Statement (co. existent for 3 yrs. or more) or ▪ One (1) year Audited Financial Statement (for 1-year old companies). **Third Party Assessment:** ▪ Last Five (5) years Audited Financial Statement (co. existent for 3 yrs. or more) or ▪ Two (2) years Audited Financial Statement (for 1-year old companies). *** Un-audited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for 1-year old companies whose audited FS is not yet available at the time of accreditation)	▪ **For Service Providers:** Summary of Completed and on-going contracts (related to the services offered) ▪ **For Goods Vendors:** List of Clients who have been using the products being offered. ▪ Table of Organization including CV's / Competencies of Technical Personnel (For service related Vendors). ▪ Technical Catalogs & Brochures for List of products / services carried. ▪ Statement of Types of Equipment Owned (for Service Providers only). ▪ And other requirements that may deemed necessary for specific product or service being offered.

7. VENDOR ACCREDITATION PROCEDURE

Process	Requirements / Remarks
Letter of Intent/ Invitation Letter	• Responsible: Purchasing/ Third Party Assessor • Purchasing is responsible for informing the vendor about the accreditation process and requirements.
Vendor Information Sheet (VIS)	• Responsible: Vendor/ Third Party Assessor • Vendors shall submit complete details of their company through VIS Form. • For Third Party Assessor - must include all required information in their Report.
Compilation of the Requirements	• Responsible: Purchaser/Third Party Assessor • Purchaser must consolidate all Legal, Technical and Financial Requirement, same with the Third Party Assessment through DNB Report.
Vendor Rating Sheet	• Responsible: Purchasing • Purchasing must prepare and seek the approval rating of all VAC Member Committees. • Vendor Rating Sheet must be approved in accordance to the Approval Authorization Chart
Vendor Accreditation Certificate	• Responsible: Purchasing • Once accredited and approved as per Approval Authorization chart, Purchasing must issue an Accreditation Certificate to vendor.
Vendor Master File (VMF)	• Responsible: Purchasing • Purchasing must prepare a list of all vendor information necessary in VMF database.

Prepared by:	Reviewed and Checked by:	Initial Issue Date
Lenie M. Parto Assistant Purchasing Manager	Eric G. Santos Senior Purchasing Manager	Oct 04, 2018
Recommended by: Rajeev 4/24/19 Rajeev Garg Vice President/ Group Financial Controller	Approved by: Karlo P Estavillo Chief Operations Officer/Chief Finance Officer	Revision No.

ANNEX II

SUPPLIER CODE OF CONDUCT

The Shangri-La group of companies including Shangri-La Asia Limited, Shangri-La International Hotel Management Limited, their respective subsidiaries, affiliates and controlled entities, as well as hotels and properties operated by the Group (collectively, "Group"), are committed to the core values that define the Group's reputation and brand: integrity, fairness, respect, ethical business conduct and excellence in service.

We require our suppliers, their employees, subsidiaries, affiliates and sub-contractors (collectively, "Suppliers") to uphold the Group's core values and adhere to ethically, socially and environmentally responsible practices when doing business with the Group. These requirements are set out in more detail in this code of conduct ("Code").

As a minimum, Suppliers are required to comply with the Code. Failure to comply with any provision of the Code could result in termination of the business and/or contractual relationship with the Group. The Group prefers to do business with Suppliers whose operations and business practices exceed the requirements of the Code.

1. Compliance with Laws and Regulations

Suppliers shall comply with all applicable laws, rules and regulations, including (but not limited to) those relating to labour, health and safety, and the environment, of the place in which they operate or conduct business.

Suppliers shall notify the Group immediately of any violation of applicable laws, rules and regulations that may affect their ability to supply products or services to the Group in accordance with the Code.

2. Product Quality and Safety

Suppliers shall supply products and services that are safe, fit for purpose, of merchantable quality and comply with all applicable laws, rules and regulations.

3. Business Integrity and Ethics

Suppliers shall deal honestly, fairly and ethically in every aspect of their business, including sourcing, operations and relationships with clients, employees, suppliers and business partners.

Suppliers must not resort to anti-competitive, deceptive, discriminatory, dishonest, unlawful or unethical business practices.

4. Labour Standards and Practices

Suppliers shall comply with all applicable laws, rules and regulations pertaining to working hours, wages, benefits, minimum age, working conditions, occupational health and safety, and industrial relations.

Suppliers shall implement fair, humane and non-discriminatory employment practices, treat their employees fairly, with dignity and respect, and respect diversity and inclusion. Suppliers shall ensure that no threats of violence, physical punishment, or other forms of physical, sexual, psychological or verbal harassment or abuse are used as a method of discipline or control of their employees. Suppliers shall not use any form of forced labour, including coerced, bonded, indentured or child labour. Any form of slavery and/or human trafficking, or any contribution thereto, is strictly prohibited.

Suppliers shall provide a safe and healthy work environment to their employees and take measures to prevent workplace hazards and accidents.

Where employee housing is provided, we expect our Suppliers to meet or exceed the standards for health and safety as those that apply in the workplace.

Suppliers shall provide employees with avenues to raise issues of concern in confidence, without fear of reprisal or negative repercussion.

Where the right to freedom of association and collective bargaining is not restricted under law, Suppliers shall respect the rights of their employees to join or form trade unions and to bargain collectively.

5. Environment

Suppliers shall comply with all applicable environmental codes, laws, rules and regulations in the place where they operate and ensure that they obtain and maintain all necessary environmental permits and registrations to conduct their business.

Suppliers shall adopt appropriate environmentally friendly practices to minimise negative environmental impacts of their operations, products and services through measures such as proper waste management, pollution control and recycling, while continually advancing the sustainability of the products and services provided to the Group.

6. Community Engagement

Suppliers are encouraged to engage with, promote and contribute to the communities in which they operate to help foster social and economic development and sustainability.

7. Anti-Corruption

Any and all forms of corruption and bribery are strictly prohibited. Suppliers must comply with all applicable anti-corruption laws, rules and regulations of the country where their businesses are being conducted.

Suppliers shall not, directly or indirectly, offer, solicit, pay or accept any form of unlawful advantages such as (but not limited to) bribes, kickbacks, secret commissions, reward, favours, cash, gifts, loans, employment, facilitation payments or any other thing of value ("Advantages") to secure improper business advantages.

Suppliers doing business with the Group must not offer, solicit, pay or accept any form of Advantages to or from the Group's employee or representative on account of the Supplier's business dealings with the Group. Likewise, Suppliers must not offer any employee or representative of the Group excessive business entertainment that could be seen to compromise their objectivity in making decisions, that creates the appearance of impropriety, or that violates the law.

A Supplier must not offer or transfer any form of Advantages, directly or indirectly, to any public official, body or agency in order to secure any improper business advantage for or on behalf of the Group.

The Group is required to comply with various anti-corruption laws and regulations, including without limitation Hong Kong's Prevention of Bribery Ordinance (Cap. 201). Suppliers doing business with the Group must be familiar and comply with the requirements of these laws and regulations.

8. Accurate Books and Records

Suppliers shall maintain proper, accurate and complete books and records in accordance with applicable laws, rules, regulations and recognised accounting standards and practices.

Suppliers shall promptly and in good faith, provide accurate information reasonably required to enable the Group to comply with its legal, regulatory and reporting obligations to governmental authorities, financial and stock exchange regulators. The intentional creation of false, misleading and deceptive books, records or documents is strictly prohibited.

9. Confidentiality

All information provided by the Group or otherwise obtained by Suppliers in their course of dealings with the Group ("Group Information"), including without limitation those pertaining to the Group's businesses, operations and policies, shall be treated as confidential, sensitive and proprietary information. Suppliers shall only use the Group Information for legitimate business purposes, in accordance with non-disclosure agreement(s), local laws, rules and regulations. Unless specifically authorised by the Group or otherwise required under law, Suppliers shall not disclose or communicate any Group Information to unauthorised third parties, the public and/or the media.

10. Data Protection

The Group is required to comply with various data privacy laws and regulations, including without limitation Hong Kong's Personal Data (Privacy) Ordinance (Cap. 486) ("PDPO"). In the event that a Supplier receives, becomes privy to or is given access to the personal data of the Group's guest(s), customer(s) and/or employee(s) ("Personal Data"), we expect our Suppliers to collect, use, handle, process, store, disclose and transfer such Personal Data in compliance with the Group's policies, the PDPO and all data protection and privacy laws and regulations of all applicable jurisdictions. Suppliers shall not use or disclose any such Personal Data, or engage and/or authorise any third-party service providers to process any such Personal Data, without the prior written consent from the Group.

Suppliers shall promptly notify us in the event of any unauthorised disclosure, leakage or use of Personal Data ("Data Incident") and work with us in good faith to mitigate the impact of any Data Incident on us, our guest(s), customers and employees and in compliance with the applicable data protection and privacy laws and regulations.

11. Intellectual Property Rights

Suppliers shall recognise and respect the Group's intellectual property rights in its trademarks, copyright, design and patents. Suppliers shall not engage in any activities that may infringe upon any of the Group's intellectual property rights or tarnish the Group's reputation.

12. Implementation of the Code

Suppliers shall take appropriate steps to ensure that the principles of this Code are communicated to, adopted and applied by their employees and throughout their own supply chains (including their suppliers, sub-contractors and business partners who are involved in the provision of products and services to the Group), where applicable. The Group reserves the right, upon provision of reasonable notice to Suppliers, to conduct compliance audit with Suppliers on the Code. Suppliers shall promptly and in good faith, provide relevant information to demonstrate compliance with the Code. If necessary, Suppliers shall facilitate site visits by us and/or our auditor(s) to assess compliance with the Code.

Reporting Violations

Suppliers shall report any violations or suspected violations of applicable laws, regulations and the Code to the Group. To report a violation confidentially, please click on the following link: http://www.shangri- la.com/corporate/about-us/supplier-code-of-conduct/violation-reporting/

The Code may be updated from time to time. Suppliers should refer to the Group's website at: http://www.shangri-la.com/corporate/about-us/supplier-code-of-conduct/ for the most up-to-date version of the Code.

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