



SECURITIES AND EXCHANGE COMMISSION

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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 2025**
2. SEC Identification Number: **145490** 3. BIR Tax Identification No. **000-144-386**
4. Exact name of Issuer as specified in its charter: **SHANG PROPERTIES, INC.**
5. **Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **Level 5, Administration Offices, Shangri-La Plaza Mall**
EDSA corner Shaw Boulevard, Mandaluyong City **1550**
Address of principal office Postal Code
8. **(632) 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 [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange **Common Shares**

12. Check whether the Issuer:

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

Yes [] No []

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

Yes [] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the Issuer. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The aggregate market value of the voting stock held by non-affiliates of the Issuer as of **31 March 2026**:
₱5,741,853,778.41.

Assumptions:

(a) Total no. of shares held by non-affiliates as of 31 March 2026	:	1,645,230,309
(b) Closing price of the Issuer's shares on the Exchange on 31 March 2026	:	₱3.49
(c) Aggregate market price of (a) as of 31 March 2026	:	₱5,741,853,778.41

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

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

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

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

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

None of the above documents are incorporated herein by reference.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

(A) Description of Business

(1) Business Development

The Issuer was first incorporated on 21 October 1987. It was initially named 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 2025 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:

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, Debenhams, 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, The Rise Condominium Corporation, Shang Residences at Wack Wack Condominium Corporation, and Aurelia Residences 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 **470 employees** to date, this includes regular and project-based employees. We also have employees that are engaged as consultants at **4** to date. The breakdown as to type are as follows:

A. Regular and Probationary:

- Staff : 82
- Supervisor : 112
- Section Head : 73
- Department Head : 28
- Division Head : 14
- Executive Committee : 4

B. Project-Based:

- Staff : 33
- Supervisor : 86
- Section Head : 29
- Department Head : 9

C. Consultants:

- Section Head : 1
- Department Head : 1
- Division Head : 2

The **SPI Parking Services, Inc.** has **11 employees**. The breakdown as to type are as follows:

- Staff : 5
- Supervisor : 5
- Section Head : 1

The **Shangri-La Plaza Corporation** has **57 employees**. The breakdown as to type are as follows:

- Staff : 14
- Supervisor : 31
- Section Head : 8
- Department Head : 3
- Division Head : 1

The **Shang Property Realty Corporation** has **89 employees**. The breakdown as to type are as follows:

- Staff : 25
- Supervisor : 24
- Section Head : 13
- Department Head : 2
- Division Head : 1

Project-Based

- Staff : 5
- Supervisor : 13
- Section Head : 4
- Department Head : 2

The **Shang Property Management Services, Inc.,** has **37 employees**. The breakdown as to type are as follows:

- Staff : 3
- Supervisor : 7
- Section Head : 16
- Department Head : 1
- Division Head : 1

Project-Based

- Staff : 9

The **KSA Realty Corporation, Inc.** has **2 employees**. The breakdown as to type are as follows:

- Supervisor : 1
- Section Head : 1

The **Shang Wack Wack Properties, Inc.** has **8 employees**. The breakdown as to type are as follows:

- Staff : 1
- Supervisor : 1

Project-Based

- Supervisor : 4
- Section Head : 2

The **SPI Holdings, Inc.** has **26 employees**. The breakdown as to type are as follows:

- Department Head : 1
- Section Head : 1

Project-Based

- Staff : 3
- Supervisor : 15
- Section Head : 5
- Department Head : 1

The **SPI Land Development, Inc.** has **21 employees**. The breakdown as to type are as follows:

Project-Based

- Staff : 3
- Supervisor : 13
- Section Head : 4
- Department Head : 1

The **SPI Property Developers, Inc.** has **25 employees**. The breakdown as to type are as follows:

- Department Head : 1
- Supervisor : 1
- Staff : 1

Project-Based

- Staff : 1
- Supervisor : 15
- Section Head : 4
- Department Head : 2

(xiv) 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 & Commercial 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 **17 June 2025**, the stockholders approved and ratified the following:

1. Minutes of the Annual Stockholders Meeting held on **18 June 2024**;
2. Annual Report of the Company as of **31 December 2024**, 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 **18 June 2024** Annual Stockholders Meeting to the date of the Annual Stockholders Meeting on **17 June 2025**;
4. Election of the following members of the Board of Directors for the period **2025 - 2026**:

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

5. Appointment of **PriceWaterhouseCooper (Isla Lipana & Co.)** as the Issuer's external auditors for **FY 2025 - 2026**.

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.

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
2025		
First Quarter	₱4.29	₱3.88
Second Quarter	₱4.10	₱3.80
Third Quarter	₱4.50	₱3.86

Fourth Quarter	₱4.00	₱3.36
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

The high and low of Issuer's shares for the period **01 January 2026 to 31 March 2026** are as follows:

High: ₱3.95

Low: ₱3.20

The closing price for the Issuer's shares on 31 March 2026 is ₱3.49.

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 2026**, the Issuer has **5,066** stockholders. Common shares outstanding as of said date is **4,764,056,287**.

The Top 20 stockholders of the Issuer as of 31 March 2026 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	1,004,695,733	20.09%
4. SM Development Corporation	187,350,548	3.93%
5. PCD Nominee Corporation – Non-Fil	69,389,949	1.46%
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 Foundation Overseas Limited	37,023,839	0.78%
10. Kuok Brothers SDN. BHD.	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%
	4,712,180,981	98.90%

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 1,648,869,372 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

2026

- During the regular meeting of the Issuer's Board held on 18 March 2026, the Board approved the declaration of ₱0.1191 per share cash dividend to all shareholders of record as of 06 April 2026, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2025, to be paid on or before 21 April 2026.

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.
- During the regular meeting of the Issuer's Board held on 12 August 2025, the Board approved the declaration of ₱0.0921 per share cash dividend to all shareholders of record as of 29 August 2025, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 30 June 2025, to be paid on or before 11 September 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.

- (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

		December 31		%
		2025	2024	Change
Turnover	(Php M)	11,279	11,586	-2.65%
Profit Attributable to shareholders	(Php M)	4,026	9,357	-56.98%
Earnings per Share	(Php Ctv)	0.845	1.964	-56.97%
Net Asset Value per share	(Php)	11.331	10.759	5.32%
Price Earnings Ratio	(Times)	4.187	2.005	108.83%

- Turnover consists of revenue from condominium sales, Property Rental, Cinema, and Hotel Operations. Shang Properties' consolidated gross revenue was ₱11.3B in 2025 vs ₱ 11.6B in 2024. Sales of residential condominium units of ₱3.6B accounted for 32.14% of the Group's turnover in 2025 (2024: 37.82%). Revenue from property rental and cinema operations amounted to ₱2.9B, higher by ₱193.0M from last year's ₱2.7B. Hotel operations of Shangri-La The Fort, Manila contributed revenue amounting to ₱ 4.8B or 42.35% of turnover in 2025, higher by ₱257.0M from last year's ₱4.5B.
- Profit attributable to shareholders pertains to net income from operations of the Group, net of minority shareholders' share. It decreased by ₱5.3B or 56.98% compared with last year primarily due to lower turnover in Condominium sales during the year, and lower fair market value gain from Investment Properties.
- Earnings per share of ₱0.845 is lower by 56.97% from last year's ₱1.964.
- Net Asset value per share is calculated by dividing the total net asset of the company (Total assets – Total liabilities) by the number of shares outstanding.
- Net asset value per share increased by 5.32% mainly due to increase in Properties Held for Sale from ongoing property development and increase in Investment Properties from ongoing development of the Office Building.
- 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 higher by 108.83% at 4.187 times this year from 2.005 times last year. The Group's year-end share price in 2025 is ₱3.54 from ₱3.94 in 2024.

Results of Operations

Calendar Year 2025 Compared to Calendar Year 2024

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2025, amounted to ₱4.0B which is ₱5.3B lower than last year's ₱9.3B. This is mainly due to lower turnover in Condominium sales and lower fair market value gain from Investment Properties.

Decrease in Turnover by ₱307.2M or 2.65% to ₱11.3B in 2025 from ₱11.6B in 2024, mainly due to lower revenue from condominium sale which is compensated by increase in rental revenue and hotel operation revenue, as detailed below:

1. Decrease in condominium sales of ₱757.2M is due to the completed project, Shang Residences at Wack Wack. There is an increase in the number of units sold for the newly launched projects such as Shang Summit, and Shang Bauhinia Residences, but it does not compensate with the decrease in sales of Shang Residences at Wack Wack.
2. Increase in revenue from rental and cinema by ₱192.6M 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 ₱257.4M is mainly due to higher occupancy of the Shangri-La The Fort, Manila and increase revenue from other operating segments such as retail and residences.

Cost of sales and services of the Group amounted to ₱4.7B, higher by ₱441.2M compared with last year's ₱4.3B due to the net effect of the following:

1. Increase in cost of condominium sales by ₱349M mainly due to the completion Shang Residences at Wack Wack and increase in progress for recently launched Projects such as Shang Summit and Bauhinia.
2. Decrease in cost of rental and cinema by ₱5.4M mainly due to lower advertising and promotions and cost of outsourced services.
3. Increase in cost of hotel services by ₱97.6M due to higher occupancy compared to same period of last year.

Operating expenses of the Group amounted to ₱2.5B lower by ₱674.5M or 21% from last year's ₱3.2B mainly due to the net effect of the following:

1. Staff cost is lower by ₱32.2M.
2. Increase in taxes and licenses by ₱40.6M mainly due to higher annual business permits and Real Property Tax paid by the Group.
3. Increase in insurance expense by ₱289K mainly due to higher premiums of insurance due to market conditions.
4. Increase in other general and administrative expenses by ₱71.4M mainly due to Advertising and Selling Expenses incurred to ramp up sales of new projects and Hotel operations.

Other income decreased by ₱5.2B, mainly due to the drop of fair market value gain from Investment Properties versus last year.

Increase in finance costs by ₱58.8M mainly due to higher bank loan balance.

Income tax expense is lower by ₱1.3B mainly due to lower taxable income generated during the year

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 ₱9.4B, ₱3.3B higher than the ₱5.5B 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 ₱3.9B, net of deferred income tax effect.

Increase in Turnover by ₱1.8B or 18.0% to ₱11.6B in 2024 from ₱9.8B in 2023, mainly due to higher revenue from condominium sales, rental and cinema and hotel operations of Shangri-La The Fort, Manila.

1. Increase in condominium sales by ₱1.3B 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 by Shang Properties which was launched this year.
2. Increase in revenue from rental and cinema by ₱144.0M 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 ₱316.0M is mainly due to higher occupancy of the Shangri-La The Fort, Manila and increase revenue from other operating segments such as retail and residences.

Cost of sales and services of the Group amounted to ₱4.4B, higher by ₱883.2M compared with last year's ₱3.5B due to the net effect of the following:

1. Increase in cost of condominium sales by ₱798.0M mainly due to higher sales across all projects.
2. Increase in cost of rental and cinema by ₱30.9M mainly due to utilities cost and cost of outsourced services.
3. Increase in cost of hotel services by ₱54.6M due to higher occupancy compared to same period last year.

Operating expenses of the Group amounted to ₱3.2B higher by ₱336.2M or 15.93% from last year's ₱2.1B mainly due to the net effect of the following:

1. Higher staff cost by ₱105.6M due to annual salary adjustments and increase in number of employees of the Group.
2. Increase in taxes and licenses by ₱54.9M mainly due to higher annual business permits and Real Property Tax paid by the Group.
3. Increase in insurance expense by ₱6.9M mainly due to higher premiums of insurance due to market conditions.
4. Increase in other general and administrative expenses by ₱167.2M mainly due to Advertising and Commission Expenses incurred due to the various ongoing projects and Hotel operations.

Other income increased by ₱4.3BM 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 ₱13.8M mainly due to higher bank loan balance.

Income tax expense is higher by ₱1.2B 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 ₱5.5B, ₱1.9B higher than the ₱3.6B posted in the same period last year.

Increase in Turnover by ₱1.9B or 24.88% to ₱9.8B in 2023 from ₱7.9B in 2022, mainly due to higher revenue from condominium sales, rental and cinema and hotel operations of Shangri-La The Fort, Manila.

1. 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 by Shang Properties which was launched this year.
2. 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.
3. Increase in revenue from hotel operations by ₱1.4B is mainly due to higher occupancy of the Shangri-La The Fort, Manila and strong performance of its food and beverage segments.

Cost of sales and services of the Group amounted to ₱3.5B, higher by ₱336.7M compared with last year's ₱3.1B due to the net effect of the following:

1. Increase in cost of condominium sales by ₱6.9M mainly due to higher sales across all projects.
2. Increase in cost of hotel services by ₱432.8M due to higher occupancy compared to same period last year.
3. 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 ₱2.1B higher by ₱384.5M or 22.28% from last year's ₱1.726 mainly due to the net effect of the following:

1. Higher staff cost by ₱31.6M due to annual salary adjustments and increase in number of employees of the Group.
2. Increase in taxes and licenses by ₱26.4M mainly due to higher annual business permits and Real Property Tax paid by the Group.
3. Decrease in depreciation and amortization by ₱1.9M due to additional office improvements made and other equipment for the year.
4. Increase in insurance expense by ₱24.8M mainly due to Terrorism and Sabotage insurance acquired by The Rise Development Corporation Inc. for Assembly Ground and higher premiums of insurance due to market conditions.
5. 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 ₱154.3M mainly due to forfeited payments of cancelled units from The Rise and income from the sale of excess development rights in Shangri-La The Fort, Manila.

Decrease in interest expense and bank charges by ₱57.3M mainly due to lower interest rate on bank loans of Shangri-La The Fort, Manila and Shang Properties Inc. and principal payments during the year.

Provision for income tax is higher by ₱371.5M mainly due to higher taxable income generated during the year.

Financial Condition

Calendar Year 2025 Compared to Calendar Year 2024

Total assets of the Group amounted to ₱96.6B, increased by ₱4.8B from the total assets of ₱91.8B on December 31, 2024. The following are the significant movements in the assets:

- Increase in cash and cash equivalents by ₱1.3B mainly due to collection of receivables and proceeds from loans.
- Increase in financial assets at fair value through profit or loss by ₱4.4M due to gain on fair value adjustment recognized during the year.
- Decrease in trade and other receivables by ₱2.4B is mainly due to collection of receivables of Condominium Properties.
- Increase in properties held for sale by ₱884.0M mainly due to ongoing condominium development.
- Net decrease in investment in and advances to an associate and a joint venture by ₱297.4M is mainly due to the collections of Interest-Bearing loans from the JV company amounting to P1.6B and share of JV Net Income for the year of P1.3B.
- Increase in investment properties by ₱2.9B is due to the ongoing development of Office Building.
- Decrease in deferred income tax assets by ₱49.6M is mainly due to the progress of Shang Summit and Laya by Shang Properties.
- Increase in other Pre-payments and other current assets by ₱1.9B is due to payments made for project development.

The net increase in total liabilities by ₱2.0B from ₱34.5B in 2024 to ₱36.5B in 2025 mainly due to the following:

- Increase in bank loans amounting to ₱1.0B.
- Increase in deposit from tenants amounting to ₱ 595.0M.

Calendar Year 2024 Compared to Calendar Year 2023

Total assets of the Group amounted to ₱91.8B, increased by ₱17.2B from the total assets of ₱74.7B on December 31, 2023. The following are the significant movements in the assets:

- Increase in cash and cash equivalents by ₱1.8B mainly due to collection of receivables and proceeds from loan availment.
- Decrease in financial assets at fair value through profit or loss by ₱2.5M due to loss on fair value adjustment recognized during the year.
- Increase in trade and other receivables by ₱870.6M 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 ₱3.1B 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 ₱1.0B 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 ₱9.9B is mainly due to the fair value adjustment of Shangri-La Plaza 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 ₱52.2M is mainly due to income recognition of Shangri-La The Fort, Manila's NOLCO for the period.
- Decrease in other noncurrent assets by ₱1.2B is mainly due to advances to contractors in 2023 that were either already recovered or reclassified to current.

The net increase in total liabilities by ₱10.4B from ₱24.1B in 2023 to ₱34.5B in 2024 mainly due to the following:

- Increase in bank loans mainly due to new loans availed during the year amounting to ₱7.9B.
- Increase in income tax payable by ₱248.8M mainly due to higher taxable income for the year.
- Increase in dividends payable by ₱457.4M due to unreleased dividend payments to an overseas minority shareholder of a subsidiary.
- Increase in deferred income tax liability by ₱1.4B 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 ₱74.7B, increased by ₱7.0B from the total assets of ₱67.6B on December 31, 2022. The following are the significant movements in the assets:

- Increase in cash and cash equivalents by ₱89.5M 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 ₱4.0M due to profit on fair value adjustment recognized during the year.

- Increase in trade and other receivables by ₱1.3B mainly due to higher Installment Contracts Receivable from Condominium sales.
- Increase in properties held for sale by ₱811.7M mainly due to ongoing project development.
- Net increase in investment in and advances to an associate and a joint venture by ₱2.5B 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 ₱1.3B 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 Shangri-La The Fort, Manila's NOLCO for the period.
- Increase in other noncurrent assets by ₱1.3B 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 ₱2.5B from ₱21.7B in 2022 to ₱24.2B in 2022 mainly due to the following:

- The increase in Accounts Payable by ₱263.7M 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 ₱2.1B.
- Decrease in deferred lease income by ₱5.8M 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 ₱25.5M is mainly due to accretion of theoretical interest income on security deposits during the year,.
- Increase in income tax payable by ₱2.5M 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.

Statement of Cash Flows

Net cash provided by operating activities in 2025 amounted to ₱4.1B. The cash inflows in 2025, 2024 and 2023 includes collection of revenue from various condominium projects, rental revenue from operation of the Shangri-La Plaza Mall, leasing operations of The Enterprise Center, and hotel operations of Shangri-La The Fort, Manila. In 2024, net cash used by operating activities is ₱495M while in 2023, net cash provided is ₱1.2B.

Net cash used by investing activities in 2025 amounted to ₱1.3B is net of outflows for the development of the One Shang Central, and inflows from repayment of advances of JV company. Net cash used in investing activities in 2024 and 2023 amounted to ₱4.0B and ₱1.3B, respectively.

Net cash used by financing activities in 2025 amounted to ₱1.5B. In 2024, net cash provided by financing activities amounted ₱6.3B driven by loan proceeds, and in 2023, the Groups financing activities resulted to a net cash inflow of ₱194.9M.

(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.

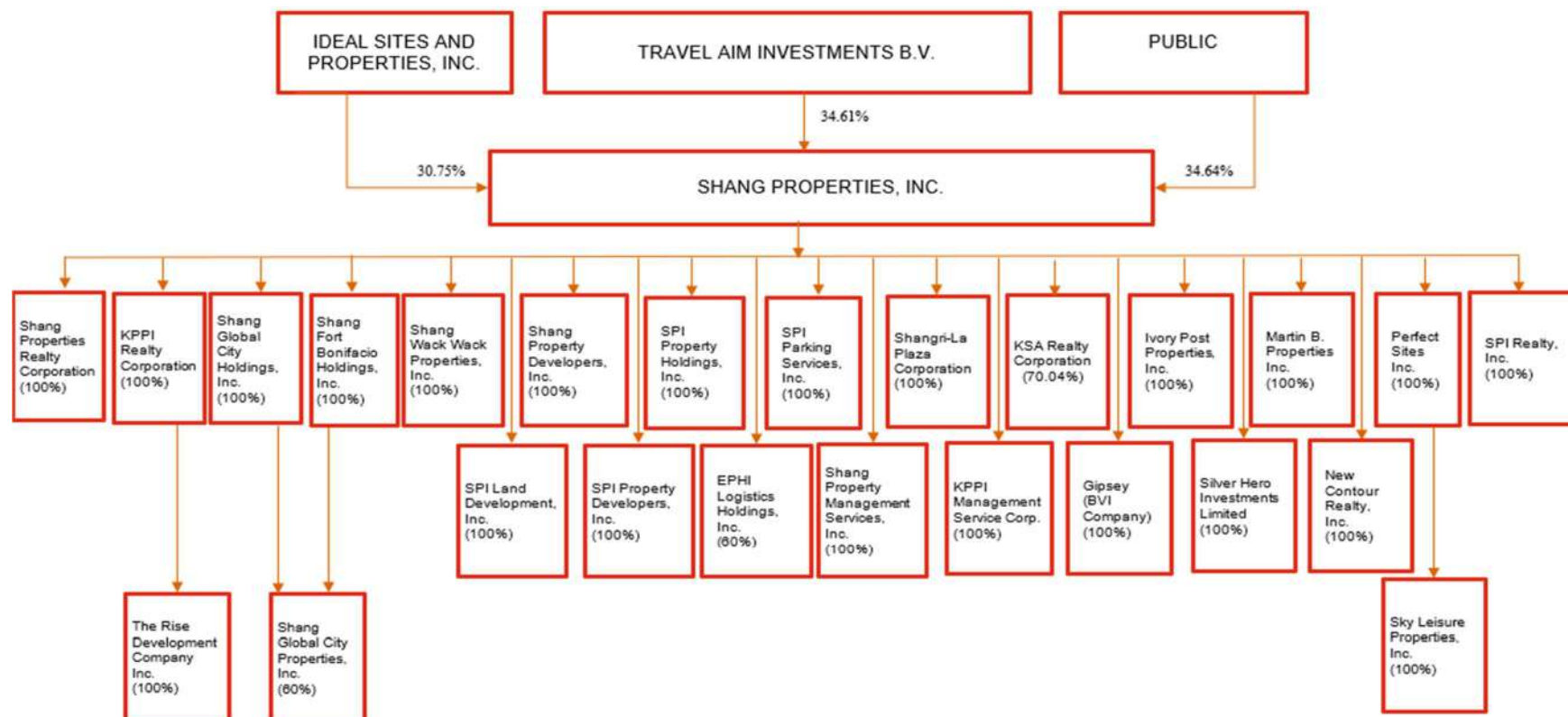
Item 7. Consolidated Audited Financial Statements

The Consolidated Audited Financial Statements of the Group for 2025 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, 2025



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators

As at December 31, 2025, 2024 and 2023

(All amounts in thousands of Philippine Peso)

Ratio	Formula	2025	2024	2023	
A. Current and Liquidity Ratios					
1. Current ratio	Total current assets	24,416,427	1.97	1.27	0.99
	Divided by: Total current liabilities	12,368,605			
	Current ratio	1.97			
2. Acid test ratio	Total current assets	24,416,427	1.54	1.08	0.82
	Less: Prepaid taxes and other current assets	5,361,030			
	Quick assets	19,055,397			
	Divided by: Total current liabilities	12,368,605			
	Acid test ratio	1.54			
B. Solvency ratio					
	Net income	4,661,129	0.13	0.27	0.30
	Add: Depreciation*	32,759			
	Net income before depreciation	4,693,888			
	Divided by: Total liabilities	36,581,817			
	Solvency ratio	0.13			
C. Debt to equity ratio					
	Total liabilities	36,581,817	0.61	0.60	0.48
	Divided by: Total equity	60,022,470			
	Debt to equity ratio	0.61			

(Continued)

Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators

As at December 31, 2025, 2024 and 2023

(All amounts in thousands of Philippine Peso)

Ratio	Formula	2025	2024	2023
D. Asset to equity ratio	Total assets	96,604,287	1.61	1.60
	Divided by: Total equity	60,022,470		1.48
	Asset to equity ratio	1.61		
E. Debt ratio	Total liabilities	36,581,817	0.38	0.38
	Divided by: Total assets	96,604,287		0.32
	Debt ratio	0.38		
F. Profitability ratios				
1. Return on assets (%)	Net income	4,661,129	4.82	10.86
	Divided by: Total assets	96,604,287		8.17
	Return on assets (%)	4.82		
2. Return on equity (%)	Net income	4,661,129	7.77	17.40
	Divided by: Total equity	60,022,470		12.09
	Return on equity (%)	7.77		
3. Net profit margin (%)	Net income	4,661,129	41.33	86.07
	Divided by: Total revenues	11,278,697		62.15
	Net profit margin (%)	41.33		

(Continued)

Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators

As at December 31, 2025, 2024 and 2023

(All amounts in thousands of Philippine Peso)

Ratio	Formula	2025	2024	2023
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	4,025,636	0.85	1.97
	Divided by: Total shares outstanding	4,764,056		1.16
	EPS attributable to equity holders of Parent	0.85		
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	53,982,451	11.33	10.76
	Divided by: Total shares outstanding	4,764,056		9.31
	BPS attributable to equity holders of Parent	11.33		

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets

As at December 31, 2025, 2024 and 2023

(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 ^a		4,470,198	4,470,198	49,755
Trade and other receivables ^b		5,267,272	5,267,272	-
Financial assets at fair value through profit or loss ^c		37,334	37,334	4,438
Refundable deposits ^d		55,996	55,996	-
Financial assets at fair value through other comprehensive income ^e				-
Quoted shares	8	84,450	84,450	3,100
Unquoted shares	298,516	765,418	765,418	-
		849,868	849,868	-
		10,680,668	10,680,668	-

^a See Note 3 to the Consolidated Financial Statements^b See Note 5 to the Consolidated Financial Statements^c See Note 4 to the Consolidated Financial Statements^d See Notes 7 and 14 to the Consolidated Financial Statements^e 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

As at December 31, 2025, 2024 and 2023

(All amounts in thousands of Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction		Current	Non-current	Balance at end of period
			Amount collected	Amount written-off			
Shang Robinsons Properties, Inc.	624,964	230,823	-	-	855,787	-	855,787
Classic Elite Holdings Limited	392,211	-	-	-	-	392,211	392,211
Shang salcedo Place Condo. Corp.	97,964	7,095	-	-	52,455	52,604	105,059
One Shangri-la Place Condominium Corp	69,533	5,828	8,342	-	35,788	31,231	67,019
The St. Francis Shangri-la Place Condo. Corp	67,375	17,235	-	-	20,062	64,548	84,610
Mactan Shangri-la Hotel	41,875	-	39,109	-	273	2,493	2,766
The Shang Grand Tower Condo. Corp.	41,325	2,352	12,598	-	314	30,765	31,079
EDSA Shangri-la Hotel & Resorts, Inc.	39,993	17,268	49,834	-	4,711	2,715	7,427
The Enterprise Centre Condo. Corp.	16,890	10,083	12,103	-	6,321	8,549	14,870
Makati Shangri-la Hotel	8,863	-	7,104	-	-	8,414	1,759
Ideal Sites Property Inc.	7,023	3	-	-	3	7,023	7,026
Shang Residences At Wack Wack Condo. Corp	-	10,621	-	-	10,621	-	10,621
Others	191,663	160,488	-	-	292,332	59,819	352,151
	1,599,679	461,797	129,091	-	1,278,667	653,718	1,932,385

See Note 28 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, 2025, 2024 and 2023

(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.	20,205,136	5,316,887	428,101	-	5,316,887	19,777,036	25,093,922
Silver Hero from SPDI	2,317,500	-	-	-	-	2,317,500	2,317,500
Shang Property Developers, Inc.	2,252,824	-	119,896	-	-	2,132,928	2,132,928
Shangri-la Plaza Corp.	522,721	2,925	2,899	-	2,925	519,822	522,746
The Rise Development Company, Inc.	212,917	5,104	54,006	-	5,104	158,911	164,016
Shang Property management Services, Inc.	186,444	49,583	27,337	-	49,583	159,106	208,689
Shang Properties Realty Corporation	175,405	31,529	49,880	-	31,529	125,525	157,054
Perfect Sites Inc.	161,109	3,500	-	-	3,500	161,109	164,609
Shang Wack Wack Properties, Inc.	82,002	188	-	-	188	82,002	82,190
SPI Property Developers, Inc.	29,810	1,334	26,081	-	1,334	3,729	5,063
SPI Land Development, Inc.	18,997	739	13,131	-	739	5,867	6,606
SPI Property Holdings, Inc.	7,147	227	1,654	-	227	5,493	5,720
Shang Global City Properties, Inc.	4,702	6,277	4,702	-	6,277	-	6,277
New Contour Realty Inc.	4,028	2	-	-	-	4,030	4,030
KSA Realty Corporation	2,949	3,847	2,774	-	3,847	175	4,022
KPPI Realty Corporation	4	-	-	-	-	4	4
	26,183,696	5,422,141	730,461	-	5,422,139	25,453,237	30,875,376

See Notes 28 to the Consolidated Financial Statements

Shang Properties, Inc. and Subsidiaries
Schedule D – Long-Term Debt
As at December 31, 2025, 2024 and 2023
(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	-	14,573,000
BPI Short Term Loan Line	7,500,000	50,000	-
BDO Short Term Credit Line	10,000,000	4,472,000	-
	32,500,000	4,522,000	14,573,000

Shang Properties, Inc. and Subsidiaries
Schedule E - Indebtedness to Related Parties
As at December 31, 2025, 2024 and 2023
(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	20,783	100,565
St. Francis Shangri-La place Condo. Corp.	277	176
The Enterprise Center condo. Corp	14,701	4,403
Others	140,521	42,923
	176,282	148,067

See Notes 15 and 28 to the Consolidated Financial Statements

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers

As at December 31, 2025, 2024 and 2023

(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, 2025, 2024 and 2023

(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, 2025

(All amounts in thousands of Philippine Peso)

Unappropriated Retained Earnings, beginning of the year		10,444,885
Add:	Category A: Items that are directly credited to Unappropriated retained earnings	
	Others (Catch up of equity in net income of joint venture, net of dividends declared and Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL), in prior years)	722,624
Less:	Category B: Items that are directly debited to Unappropriated retained earnings	
	Dividend declaration during the reporting period	1,308,099
	Retained earnings appropriated during the reporting period	8,622,000
		(10,652,723)
Unappropriated Retained Earnings, as adjusted		(207,838)
Add:	Net Income for the current year	6,035,002
Less:	Category C.1: Unrealized income recognized in the profit or loss during the year (net of tax)	
	Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	324
	Equity in net income of joint venture, net of dividends declared	1,353,587
		(1,353,911)
Adjusted net income		4,681,091
Total Retained Earnings, end of the year available for dividend declaration		4,473,254

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 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.:

	2025	2024
Audit Fees	4,666,000	4,360,000
Tax Consultancy Fees	-	1,323,000
	4,666,000	5,683,000

No other service was provided by external auditors to the Company for the fiscal years 2025 and 2024.

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 2026**):

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward <u>Kuok</u> Khoon Loong	Malaysian	Yes /34 yrs.	73	Chairman	None
Maureen Alexandra Ramos-Padilla	Filipino	Yes /3yrs. & 4 mos.	53		None
Cynthia R. Del Castillo	Filipino	Yes /24 yrs. & 9 mos.	73		Sanitary Wares & Mfg. Corp.
Benjamin Ivan S. Ramos	Filipino	Yes /15 yrs. & 7 mos.	56		None
Cheng Wai Sun	Malaysian	Yes/1 yr. & 7 mos.	51		Kerry Properties Limited
Antonio O. Cojuangco***	Filipino	Yes /15 yrs. & 7 mos.	74		None
Karlo Marco P. Estavillo	Filipino	Yes/9 yrs. & 6 mos.	54	Chief Operating Officer	None

Wolfgang Krueger	Deutsch	Yes/5 yrs. & 3 mos.	61	Executive Vice President	None
Maximo G. Licaucó III	Filipino	Yes/12 yrs & 4 mos.	75	Vice Chairman	None
Rajeev Garg	Indian	(No)	51	VP-Finance	None
Federico G. Noel, Jr.	Filipino	(No)	64	Corporate Secretary	None
Alok Agarwal	Indian	(No)	47	Group Director of Finance	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 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 LI.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 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 Sin 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.

*****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 in the retail business. He graduated at the Ateneo De Manila University with Bachelor of Arts Degree major in Economics.

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.

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.¹

***** 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;

¹ tendered resignation as Chief Financial Officer effective 31 May 2025 (SEC Form 17-C dated 30 April 2025)

- (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. **2024 and 2025** and to be paid in the ensuing fiscal year **2026** 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
2026		101,183,394.00	18,382,612.77	119,566,006.77
Wolfgang Krueger				
Karlo Marco P. Estavillo				
Maria Rochelle S. Diaz				
Andrew den Oudsten				
Federico G. Noel, Jr.				
Rajeev Garg				
Alok Agarwal				
2025		99,638,006.00	17,543,594.68	117,181,600.68
Wolfgang Krueger				
Karlo Marco P. Estavillo				
Maria Rochelle S. Diaz				
Andrew den Oudsten				
Federico G. Noel, Jr.				
Rajeev Garg				
Mabel P. Tacorda				
2024		94,682,198.00	13,424,236.92	108,106,434.92
Wolfgang Krueger				
Maria Rochelle S. Diaz				
Rajeev Garg				
Federico G. Noel Jr.				
Karlo Marco P. Estavillo				
Andrew den Oudsten				
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 2026**.

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 2026)

Title of Class	Name of Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Edward <u>Kuok</u> Khoon Loong	808,008(D)	Malaysian	0.017%
Common	Maureen Alexandra R. Padilla	1(D)	Filipino	0.000%
Common	Wolfgang Krueger	940,000(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	Cheng Wai Sin	1(D)	Malaysian	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 2025, the aggregate ownership of all directors and officers as a group unnamed is **5,280,976** 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 aforementioned.
2. Item 2 of Part IV, Paragraph (D) is not relevant to the Issuer.
3. Travel Aim Investments B.V. is a wholly-owned subsidiary of Kerry Properties Limited (KPL). KPL is a Bermuda Company incorporated in 1996 and listed on the Hong Kong Stock Exchange. The Company was formed to hold the Hong Kong and Mainland China property investments and developments and infrastructure interests of the Kuok Group. KPL has the power to vote the shares of Travel Aim.

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

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

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

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of **31 March 2026** is **34.53%** 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"

- (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 2025:

1. **12 March 2025** – Reports that during the regular meeting of the Issuer's Board of Directors held on 12 March 2025, the Board approved the following:
 - 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) Passed resolution to approve the audited financial statements of the Issuer for the year ended 31 December 2024.
2. **02 April 2025** – Issuer will hold its Annual Stockholders' Meeting on 17 June 2025 at 10:00 A.M. at the Garden Ballroom, Edsa Shangri-La Hotel, Manila. Record date is set on 19 May 2025.
3. **30 April 2025** - Ms. Mabel Tacorda, Chief Financial Officer, formally resigned effective 31 May 2025.
4. **17 June 2025** – Reports that during the regular meeting of the Issuer's Board of Directors held on 17 June 2025, 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 2025-2026, namely:
 - 1) Edward Kuok Khoon Loong
 - 2) Cynthia R. Del Castillo
 - 3) Karlo Marco P. Estavillo
 - 4) Cheng Wai Sin
 - 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 **2025-2026**.

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

Election of Officers:

1)	Edward <u>Kuok</u> Khoon Loong	-	Chairman
2)	Maximo G. Licauco III	-	Vice Chairman
3)	Wolfgang Krueger	-	Executive Director
4)	Karlo Marco P. Estavillo	-	Chief Operating Officer
5)	Maria Rochelle S. Diaz	-	Executive Vice President
6)	Andrew Den Oudsten	-	Executive Vice President
7)	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 <u>Kuok</u> Khoon Loong	-	Chairman
2)	Antonio O. Cojuangco	-	Member
3)	Cynthia R. Del Castillo	-	Member
4)	Federico G. Noel, Jr.	-	Secretary

4. **12 August 2025** – Report that during the regular meeting of the Issuer's Board of Directors held on 12 August 2025, the following matters were taken up:

- i) The Declaration of ₱0.0921 per share cash dividend to all shareholders of record as of 29 August 2025, to be taken from the unrestricted retained earnings as reflected in the financial statements of the Issuer as of 30 June 2025, to be paid on or before 11 September 2025.

Following are the reports, in SEC Form 17-C, which were filed as of 31 March 2026:

1. **18 March 2026** – Report that during the Issuer's Regular Meeting held on 18 March 2026, the following matters were taken up:

- i) The Declaration of ₱0.1191 per share cash dividend to all shareholders of record as of 06 April 2026, to be taken from the unrestricted retained earnings as reflected in the unaudited financial statements of the Issuer as of 31 December 2025, to be paid on or before 21 April 2026.

- ii) Approval of the audited financial statements of the Issuer for the year ended 31 December 2025.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on this **APR 14 2026** day of April 2026.


By:



KARLO MARCO P. ESTAVILLO
Chief Operating Officer



ALOK AGARWAL
Group Director of Finance



FEDERICO G. NOEL, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me this **APR 14 2026** day of _____ affiant(s) exhibiting to me their Passports, as follows:

NAMES	GOV'T ISSUED ID	DATE OF ISSUE	PLACE OF ISSUE
ALOK AGARWAL	Z4812672	12 SEP. 2019	MANILA
KARLO MARCO P. ESTAVILLO	P3455986B	07 OCT. 2019	DFA NCR CENTRAL
FEDERICO G. NOEL, JR.	P6098076A	20 FEB. 2018	DFA MANILA

Doc No. 60
Page No. 13
Book No. VII
Series of 2026



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. 6038150 / 05 Jan 2026 / Mandaluyong City
IBP Lifetime No. 017379 / 20 May 2017 / RSM Chapter
MCLE Compliance No. VIII-0039684 / 15 Jul 2025 / Pasig City

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC REGISTRATION NUMBER

1	4	5	4	9	0				
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COMPANY NAME

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

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

A	D	M	I	N	I	S	T	R	A	T	I	O	N		O	F	F	I	C	E		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																	

Form Type

A	F	S	
---	---	---	--

Department requiring the report

S	E	C	
---	---	---	--

Secondary License Type, if Applicable

N	/	A	
---	---	---	--

COMPANY INFORMATION

Company's Email Address

www.shangproperties.com

Company's Telephone Number/s

8-370-2700

Mobile Number

N/A

No. of Stockholders

5,075

Annual Meeting (Month/Day)

any day in June

Fiscal Year (Month/Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Federico G. Noel, Jr.

Email Address

bobong.noel@shangproperties.com

Telephone Number/s

8-370-2700

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

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

- Note** In case of death, resignation or cessation of office of the officer designated as contact person, such incident
- 1:** 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.

Catherine Trambulo

From: Elsie Cagalingan
Sent: Tuesday, 14 April 2026 6:18 pm
To: Catherine Trambulo
Subject: FW: Your BIR AFS eSubmission uploads were received

Elsie Cagalingan, Payroll

Shang Properties, Inc.

A: Shangri-La Plaza, Shang Central, EDSA corner Shaw Blvd., Mandaluyong City 1550, Philippines

T: (63 2) 8370-2700 local 731

W: www.shangproperties.com

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Tuesday, 14 April 2026 6:09 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.,

Valid files

- EAFS000144386ITRTY122025.pdf
- EAFS000144386AFSTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-4122ZMTT0999BECMQWRTRWN0QSYM4ZY1**

Submission Date/Time: **Apr 14, 2026 06:08 PM**

Company TIN: **000-144-386**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;

- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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<https://www.shangproperties.com/>



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, 2025, 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 or 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

Alok Agarwal
Group Director of Finance

Wolfgang Krueger
Executive Director

SUBSCRIBED AND SWORN to before me this March 18, 2026, at Mandaluyong City, who exhibited to me his/her competent proof of identity, as follows:

Name: Edward Kuok Khoon Long Identity No: 454177685 Issued At: HONG KONG EXP. 20 NOV 2026
Name: Wolfgang Krueger Identity No: 448666101 Issued At: GENERAL KONKWIAT DE EXP. 13 MAR 2024
Name: Alok Agarwal Identity No: 34612672 Issued At: MANILA EXP. 11 SEP 2024

ATTY. KEVIN A. BONAOBRA
Commission No. 0678-25
Notary Public for Mandaluyong
Until December 31, 2026

DOC NO.: 403
PAGE NO.: 82
BOOK NO.: 11
SERIES OF: 2026

Shangri-La Plaza, Shang Central, EDSA corner Shaw Boulevard, Mandaluyong City 1550, Philippines
T: (+632) 850 2700 E: info@shangproperties.com W: www.shangproperties.com
Shang Properties, Inc. Level 5 Shangri-La Plaza
EDSA cor. Shaw Boulevard, Mandaluyong City
Roll No. 64345

PTR No. 6038149, 01/05/2026; Mandaluyong City
IDB No. 576742, 10/30/2025; Albay Chapter



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, 2025 and 2024, 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 or 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 Long
Chairman of the Board

Alok Agarwal
Group Director of Finance

Wolfgang Krueger
Executive Director

SUBSCRIBED AND SWORN to before me this March 18, 2026, at Mandaluyong City who exhibited to me his/her competent proof of identity, as follows:

Name: Edward Kuok Khoon Long Identity No: AS4179655 Issued At: HONG KONG EXP. 20/01/2026
Name: Wolfgang Krueger Identity No: 44826694 Issued At: GENERAL KONSULAT DER BRUNNEN
Name: Alok Agarwal Identity No: 24012672 Issued At: INDIA

ATTY. KEVIN A. BONAOBRA
Commission No. 0678-25
Notary Public for Mandaluyong
Until December 31, 2026

DOC NO.: 402
PAGE NO.: 02
BOOK NO.: 11
SERIES OF: 2026

**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 Blvd.
Mandaluyong City

Report on the Audits of the 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The separate financial statements of the Company comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of comprehensive income for the years ended December 31, 2025 and 2024;
- the statements of changes in equity for the years ended December 31, 2025 and 2024;
- the statements of cash flows for the years ended December 31, 2025 and 2024; and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,
1226 Makati City, Philippines
+63 (2) 8845 2728

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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the separate financial statements of public interest entities in the Philippines. We have also 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, 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 or 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements taken as a whole. The supplementary information in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic 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 financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic 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 8, 2026, Makati City

SEC A.N (individual) as general auditors 105660 -SEC, Category A;
valid to audit 2020 to 2025 financial statements

SEC A.N (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements

T.I.N. 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/P-003, effective until November 14, 2028

Makati City
March 23, 2026



Isla Lipana & Co.

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 Blvd.
Mandaluyong City

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

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

Isla Lipana & Co.



Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 8, 2026, Makati City

SEC A.N (individual) as general auditors 105660 -SEC, Category A;
valid to audit 2020 to 2025 financial statements

SEC A.N (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements

T.I.N. 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/P-003, effective until November 14, 2028

Makati City
March 23, 2026

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,
1226 Makati City, Philippines
+63 (2) 8845 2728

Shang Properties, Inc.

Statements of Financial Position As at December 31, 2025 and 2024 (All amounts in Philippine Peso)

	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	2	1,369,526,862	441,074,261
Financial assets at fair value through profit or loss	3	1,749,008	1,425,185
Trade and other receivables, net	4	26,841,209,570	23,341,183,815
Properties held for sale, net	5	11,855,279	11,855,279
Prepayments and other current assets	6	7,574,015	38,711,049
Total current assets		28,231,914,734	23,834,249,589
Non-current assets			
Investments and advances	7	18,919,158,365	17,613,536,100
Investment properties	8	18,795,367,057	18,787,891,547
Financial assets at fair value through other comprehensive income, net	9	239,383,642	236,283,642
Property and equipment, net	10	80,956,547	81,272,612
Creditable withholding tax	6	322,904,144	313,289,368
Refundable deposits	11	2,367,242	1,925,582
Total non-current assets		38,360,136,997	37,034,198,851
Total assets		66,592,051,731	60,868,448,440
Liabilities and equity			
Current liabilities			
Accounts payable and other current liabilities	12	2,696,911,098	2,732,243,730
Bank loans	13	4,522,000,000	11,055,000,000
Dividends payable		92,075,333	83,865,757
Total current liabilities		7,310,986,431	13,871,109,487
Non-current liabilities			
Bank loans	13	14,573,000,000	7,040,000,000
Deferred income tax liabilities, net	19	4,470,972,305	4,448,978,567
Retirement benefit liability	18	47,845,937	48,688,632
Deposits from tenants		1,277,886	1,277,886
Total non-current liabilities		19,093,096,128	11,538,945,085
Total liabilities		26,404,082,559	25,410,054,572
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	119,426,070	116,791,070
Retained earnings – appropriated	14	8,622,000,000	-
Retained earnings - unappropriated	14	25,479,260,315	29,374,320,011
Total equity		40,187,969,172	35,458,393,868
Total liabilities and equity		66,592,051,731	60,868,448,440

The notes on pages 1 to 37 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Notes	2025	2024
Rental revenue	8, 22	394,982,252	371,807,517
Cost of services	8	33,450,635	32,490,926
Gross profit	8	361,531,617	339,316,591
Operating expenses			
Provision for impairment of receivables	4, 20	-	751,976,666
Staff costs	15	100,472,029	283,731,288
Depreciation and amortization	10	19,701,847	17,273,211
Taxes and licenses		29,821,989	15,080,227
Other operating expenses	16	114,008,776	92,199,484
		264,004,641	1,160,260,876
Other income			
Dividend income	7, 20	4,604,709,747	1,808,632,538
Gain (loss) on fair value change of investment properties	8	-	4,750,418,442
Miscellaneous income, net	17	662,350	3,049,351
		4,605,372,097	6,562,100,331
Finance income, net			
Interest income	2, 7	88,648,763	79,144,787
Interest expense		(81,337,514)	(28,451,052)
		7,311,249	50,693,735
Share in net income of a joint venture	7	1,353,587,187	2,526,569,122
Income before income tax		6,063,797,509	8,318,418,903
Income tax expense	19	(28,795,010)	(1,048,146,285)
Net income for the year		6,035,002,499	7,270,272,618
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	2,635,000	14,705,000
Remeasurement of retirement benefit obligation	18	-	2,221,652
		2,635,000	16,926,652
Total comprehensive income for the year		6,037,637,499	7,287,199,270
Basic and diluted earnings per share	14	1.27	1.53

The notes on pages 1 to 37 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Share capital (Note 14)	Share premium (Note 14)	Treasury shares (Note 14)	Other comprehensive income	Retained earnings – appropriated (Note 14)	Retained earnings - unappropriated (Note 14)	Total equity
Balances at January 1, 2024	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, as restated	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
Comprehensive income							
Net income for the year	-	-	-	-	-	6,035,002,499	6,035,002,499
Other comprehensive income	-	-	-	2,635,000	-	-	2,635,000
Total comprehensive income	-	-	-	2,635,000	-	6,035,002,499	6,037,637,499
Transaction with owners							
Cash dividends declared (Note 14)	-	-	-	-	-	(1,308,062,195)	(1,308,062,195)
Appropriation during the year (Note 14)	-	-	-	-	8,622,000,000	(8,622,000,000)	-
Balances at December 31, 2025	4,764,058,982	1,210,073,869	(6,850,064)	119,426,070	8,622,000,000	25,479,260,315	40,187,969,172

The notes on pages 1 to 37 are integral part of these separate financial statements.

Shang Properties, Inc.

Statements of Cash Flows For the years ended December 31, 2025 and 2024 (All amounts in Philippine Peso)

	Notes	2025	2024
Cash flows from operating activities			
Income before income tax		6,063,797,509	8,318,418,903
Adjustments for:			
Provision for impairment of receivables	4	-	751,976,666
Retirement benefit expense	15, 18	17,020,709	50,874,849
Depreciation and amortization	10	19,701,847	17,273,211
Unrealized foreign exchange loss, net	2, 17	559,359	2,592,873
(Gain) loss on fair value adjustment of financial assets at fair value through profit or loss	3, 17	(323,823)	1,219,385
Loss on sale of property and equipment		68,622	-
Interest income	2, 7	(88,648,763)	(79,144,787)
Dividend income	20	(4,604,709,747)	(1,808,632,538)
Share in net income from a joint venture	7	(1,353,587,187)	(2,526,569,122)
Gain/loss on fair value adjustment change of investment properties	8	-	(4,750,418,442)
Operating gain (loss) before working capital changes		53,878,526	(22,409,002)
Changes in working capital:			
Trade and other receivables		39,291,082	106,039,489
Prepayments and other current assets		28,942,410	(22,206,517)
Refundable deposits		(441,660)	-
Accounts payable and other current liabilities		(35,332,632)	(150,340,665)
Cash generated (absorbed) by operations		86,337,726	(88,916,695)
Interest received		88,648,763	79,144,787
Income tax paid		(16,881,048)	-
Retirement contribution	15, 18	(17,863,404)	(41,793,395)
Net cash provided by (used in) operating activities		140,242,037	(51,565,303)
Cash flows from investing activities			
Dividends received	20	4,604,709,747	1,808,632,538
Increase in investments and advances		(3,491,351,915)	(5,488,747,310)
Payments from acquisition of subsidiary		-	(2,523,986,625)
Additions to:			
Investment properties	8	(7,475,510)	(18,342,129)
Property and equipment	10	(21,780,658)	(44,595,314)
Proceeds from sale of property and equipment		4,520,878	-
Net cash provided by (used in) investing activities		1,088,622,542	(6,267,038,840)
Cash flows from financing activities			
Availment of loan	13	1,000,000,000	8,740,000,000
Loan payments	13	-	(760,000,000)
Payments of cash dividends	14	(1,299,852,619)	(1,365,888,474)
Net cash (used in) provided by financing activities		(299,852,619)	6,614,111,526
Net increase in cash and cash equivalents		929,011,960	295,507,383
Cash and cash equivalents as at January 1		441,074,261	148,159,751
Effects of exchange rate changes on cash and cash equivalents	2, 17	(559,359)	(2,592,873)
Cash and cash equivalents as at December 31	2	1,369,526,862	441,074,261

The notes on pages 1 to 37 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, 2025 and 2024

(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 cor Shaw Boulevard, Mandaluyong City, Metro Manila.

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 P1.18 per share. As at December 31, 2025, the Company has 5,075 shareholders (2024 - 5,103). The details of the Company's shareholders are disclosed in the annual report.

Geopolitical Uncertainty

Subsequent to the reporting date, armed conflicts arising from geopolitical tensions in the Middle East increased volatility in global markets and disrupted certain trade routes. Management assessed that these developments did not have material impact on the Company's financial position or results of operations as of December 31, 2025, based on information currently available. However, the situation continues to evolve and may affect future performance and financial position, depending on its duration and wider economic effects. Management will continue to monitor developments and will reflect any material impacts in future reporting periods.

The financial statements have been approved and authorized for issue in accordance with a resolution of the Board of Directors (the “Board”) on March 18, 2026. There are no material events from the date of the approval of these financial statements up to March 23, 2026.

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2025	2024
Cash on hand	288,262	283,262
Cash in banks	238,665,917	170,103,467
Cash equivalents	1,130,572,683	270,687,532
	1,369,526,862	441,074,261

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, 2025 amounted to P2,533,812 and P574,594, respectively (2024 – P3,997,550 and P55,180, respectively) (Note 4).

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

	Note	2025	2024
US Dollar amount		219,000	409,930
Exchange rate per US Dollar		58.790	58.014
Translated amount in Philippine Peso		12,875,003	23,781,679
Unrealized foreign exchange (loss) gain	17	(559,359)	(2,592,873)

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	2025	2024
January 1		1,425,185	2,644,570
Loss (gain) on fair value adjustments (included in Miscellaneous income)	17	323,823	(1,219,385)
December 31		1,749,008	1,425,185

4 Trade and other receivables, net

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

	Notes	2025	2024
Trade			
Rental - related parties	20	13,981,835	64,494,728
Others		1,143,439	(6,797,934)
Non-trade			
Receivables from related parties	20	27,574,362,112	24,035,045,275
Advances to officers and employees		946,491	-
Interest	2	574,594	55,180
Others		2,177,765	363,232
		27,593,186,236	24,093,160,481
Allowance for impairment of non-trade receivables	20	(751,976,666)	(751,976,666)
		26,841,209,570	23,341,183,815

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 2025, the Company recognized no provision for impairment.

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	2025	2024
January 1		11,855,279	11,305,000
Transfer from investment properties	8	-	550,279
December 31		11,855,279	11,855,279

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: Creditable withholding tax

a. Prepayments and other current assets

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

	2025	2024
Input VAT	-	4,227,896
Prepaid expenses	7,574,015	34,483,153
	7,574,015	38,711,049

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

b. Creditable withholding tax

Creditable withholding tax as at December 31 consist of:

	2025	2024
Creditable withholding tax	322,904,144	313,289,368

Creditable withholding tax (CWT) is the tax withheld by withholding agents from payments to the Company which can be applied against income tax payable, and is presented under non-current assets in the statement of financial position.

7 Investments and advances

Investments and advances at December 31 consist of:

	Ownership %		Amount	
	2025	2024	2025	2024
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
SPI Realty, Inc. (SPI RI)	100	100	2,526,268,000	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	11,593,022,431
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	8,567,924,615	7,262,302,350
Deposits for future share subscription, and advances to subsidiaries, associate, and joint venture			291,469,004	291,469,004
			20,452,666,050	19,147,043,785
Allowance for impairment losses			(1,533,507,685)	(1,533,507,685)
			18,919,158,365	17,613,536,100

Cash dividends declared by subsidiaries and financial assets at fair value through other comprehensive income (FVOCI) to the Company for the years ended December 31 are as follows:

	2025	2024
Shang Wack Wack Properties, Inc. (SWWPI)	2,987,300,000	-
Shangri-La Plaza Corporation (SLPC)	605,000,000	575,000,000
KSA Realty Corporation (KSA)	368,410,400	462,264,000
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	263,949,000	374,577,815
Shang Global City Holdings, Inc. (SGCHI)	197,227,782	391,708,723
Shang Property Developers, Inc. (SPDI)	110,000,000	-
Shang Global City Properties, Inc. (SGCPI)	72,822,565	-
Others	-	5,082,000
	4,604,709,747	1,808,632,538

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) – 30.34% owned by SGCHI and 29.66% 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 Perfect Sites Inc.

On October 23, 2024, The Company acquired, for a total consideration of P2.53 billion, 100% of the issued share capital of SPI Realty, Inc. (SPI RI), 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 equity method in these separate financial statements.

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, 2025 are as follows:

	KSA	SGCPI
Total current assets	473,210,968	1,551,052,297
Total non-current assets	10,666,106,762	6,666,582,788
Total assets	11,139,317,730	8,217,635,085
Total current liabilities	412,791,906	1,207,830,697
Total non-current liabilities	2,471,032,006	31,783,570
Total liabilities	2,883,823,912	1,239,614,267
Net assets	8,255,493,818	6,978,020,818
Non-controlling interest share in net assets	2,473,345,948	2,791,208,326
Revenue	962,328,225	4,776,802,504
Cost and expenses	(150,430,448)	(2,301,304,794)
Other expenses	(4,730,513)	(1,012,692,697)
Income before provision for income tax	807,167,264	1,462,805,013
Income tax expense	(153,339,591)	(363,732,278)
Net income for the year	653,827,673	1,099,072,735
Other comprehensive income	(535,751)	1,263,037
Total comprehensive income for the year	653,291,922	1,100,335,772
Non-controlling interest share in total comprehensive income for the year	195,726,260	440,134,308
Cash flows provided by (used in):		
Operating activities	675,827,633	1,046,014,971
Investing activities	(104,598)	(19,522,681)
Financing activities	(526,000,000)	(1,283,874,840)

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)

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 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, its first project, in 2019. As at December 31, 2025, the Aurelia Residences Project is 98% complete (2024 - 89%). 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, 2025 Haraya Residences - South Tower is 39% completed (2024 – 20%) while the North Tower is 35% completed (2024 – 7%).

This account as at December 31 consist of:

	2025	2024
Investment in a joint venture		
At January 1	7,262,302,350	5,628,870,034
Impact of change in accounting for significant financing component and borrowing cost of joint venture	-	(890,855,430)
Share in net income for the year	1,353,587,187	2,526,569,122
Others	(47,964,922)	(2,281,376)
At December 31	8,567,924,615	7,262,302,350

In 2019, the Parent Company extended advances totaling P1.0 billion to SRPI, bearing interest at 4% and originally maturing on April 1, 2023, to fund SRPI’s working capital requirements. Upon maturity, P750 million was collected, while the remaining balance was mutually agreed to be collectible at a future date to be subsequently determined by both parties.

Between 2021 and 2024, additional advances aggregating P1.74 billion were extended to SRPI under the same interest terms. In 2025, of the total advances to the joint venture amounting to P1.9 billion, the Group collected P1.6 billion.

Interest income earned from these advances amounted to P86.1 million in 2025 (2024 – P75.1 million; 2023 – P91.9 million) (Note 24).

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

	2025	2024
Cash and cash equivalents	1,723,839,014	241,383,068
Other current assets	20,506,919,513	15,642,792,963
Current assets	22,230,758,527	15,884,176,031
Non-current assets	2,505,267,560	7,174,495,362
Total assets	24,736,026,087	23,058,671,393
Financial liabilities (excluding trade payables)	2,720,666,656	2,172,357,476
Other current liabilities	1,890,517,070	406,058,880
Current liabilities	4,611,183,726	2,578,416,356
Financial liabilities (excluding trade payables)	-	3,781,692,808
Other current liabilities	2,989,277,754	2,300,198,099
Non-current liabilities	2,989,277,754	6,081,890,907
Total liabilities	7,600,461,480	8,660,307,263
Net assets	17,135,564,607	14,398,364,130
Revenue	5,775,890,537	10,799,033,440
Depreciation and amortization	1,639,002	1,567,870
Interest income	967,791,007	800,078,916
Interest expense	176,094,453	(200,515,436)
Income tax expense	518,958,910	(1,302,286,239)
Net income for the year	2,737,200,478	5,053,138,244
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,737,200,478	5,053,138,244

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:

	2025	2024
Net assets	17,135,564,607	14,398,364,129
Effective ownership interest	50%	50%
	8,567,782,304	7,199,182,064
Additional investments	142,311	63,120,288
	8,567,924,615	7,262,302,350

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.

As of December 31, 2025, the Company has not recognized any allowance for impairment losses on its investments and advances. 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, 2024		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
Capitalized subsequent expenditure		-	7,475,510	7,475,510
Construction in Progress		-	-	-
Transfers due to change in use to properties held for sale	5	-	-	-
December 31, 2025		17,967,639,645	827,727,412	18,795,367,057

The Company's investment properties in 2025 and 2024 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, 2025 and 2024, 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:

	2025	2024
Rental revenue	394,982,252	371,807,517
Direct operating expenses	(33,450,635)	(32,490,926)
Profit arising from investment properties carried at fair value	361,531,617	339,316,591

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:

Fair value of hierarchy	2025		
	Land	Buildings	Total
Level 2	9,947,463,325	827,727,412	10,775,190,737
Level 3	8,020,176,320	-	8,020,176,320
Total	17,967,639,645	827,727,412	18,795,367,057

Fair value of hierarchy	2024		
	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

(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 (2024 – P108 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, 2025 and 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 Expense-revenue ratio Discount rate	P1,520 per square meter (2024 – 1,520) 97.5% (2024 – 97.5%) 17% (2024 – 17%) 8.88% (2024 – 8.88%)	The higher the rental value and occupancy rate, the higher the fair value. 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 (2024 – P80 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.

(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, 2025 and 2024 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:

	2025	2024
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	153,482,849	150,382,849
	239,383,642	236,283,642

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:

	2025	2024
January 1	128,946,848	114,241,848
Gain on fair value adjustment	3,100,000	17,300,000
	132,046,848	131,541,848
Deferred income tax effect	(465,000)	(2,595,000)
December 31	131,581,848	128,946,848

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, 2024	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
Disposals	-	-	-	-	-
December 31, 2024	53,386,806	76,783,399	70,159,075	94,245,410	294,574,690
Additions	6,345,265	-	1,900,000	13,535,393	21,780,658
Disposals	-	-	(4,589,500)	-	(4,589,500)
Others	-	-	-	(671,202)	(671,202)
December 31, 2025	59,732,071	76,783,399	67,469,575	107,109,601	311,094,646
Accumulated depreciation					
January 1, 2024	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
Disposals	-	-	-	-	-
December 31, 2024	27,880,011	73,448,111	48,311,150	63,662,806	213,302,078
Depreciation	3,149,956	1,987,255	2,997,622	11,567,014	19,701,847
Others	(150,380)	-	(479,021)	(2,236,425)	(2,865,826)
December 31, 2025	30,879,587	75,435,366	50,829,751	72,993,395	230,138,099
Net book values at					
December 31, 2024	25,506,795	3,335,288	21,847,925	30,582,604	81,272,612
December 31, 2025	28,852,484	1,348,033	16,639,823	34,116,207	80,956,547

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 2025 and 2024, 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, 2025 and 2024.

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	2025	2024
Financial liabilities			
Accounts payable		17,369,537	47,302,985
Accrued expenses		75,830,311	106,774,103
Payable to contractors and suppliers		250,000	250,000
Payable to related parties	20	2,528,618,342	2,530,113,579
Others		33,652,245	7,398,953
Non-financial liabilities			
Retention payables to contractors		8,962,269	8,962,269
Payable to regulatory agencies		13,553,456	15,851,985
Unearned rental income		10,072,256	2,796,921
Output value added tax (VAT)		8,602,682	12,792,935
		2,696,911,098	2,732,243,730

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

As of December 31, the Company’s bank loans consist of unsecured short-term and long-term borrowings, as follows:

	2025	2024
Short-term (current)	4,522,000,000	11,055,000,000
Long-term (non-current)	14,573,000,000	7,040,000,000
	19,095,000,000	18,095,000,000

The movement in the Company’s bank loans during the year is summarized as follows:

	2025	2024
Balance at January 1	18,095,000,000	10,115,000,000
Additions	1,000,000,000	8,740,000,000
Payments	-	(760,000,000)
Balance at December 31	19,095,000,000	18,095,000,000

The maturities of bank loans as of December 31 are summarized below:

Year	2025	2024
2025	-	11,055,000,000
2026	4,522,000,000	-
2029	145,730,000	70,400,000
2030	145,730,000	70,400,000
2031	145,730,000	70,400,000
2032	145,730,000	70,400,000
2033	145,730,000	70,400,000
2034	13,844,350,000	6,688,000,000
	19,095,000,000	18,095,000,000

Long-term loans bear interest at rates of 5.71% (2024 - 6.25%).

Short-term loans have contractual maturities ranging from 3 to 12 months (2024 - 3 to 12 months) and bear interest rates ranging from 5.10% to 6.00% (2024 – 6.00% to 6.50%).

On August 28, 2024, the Company entered into a ten-year term loan agreement with the Bank of the Philippine Islands (BPI) for a facility of up to P15.0 billion to finance capital expenditures, development costs, refinancing of existing obligations, and general corporate purposes. Interest on each drawdown may be fixed or floating, at the Company's option. As of December 31, 2025, cumulative drawdowns under this facility amounted to P14.6 billion.

The BPI facility requires the Company to maintain a debt-to-tangible net worth ratio of not more than 3:1. The Company 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, 2025 and 2024 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	1,210,073,869
	5,974,132,851	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, 2025, total unrestricted retained earnings amounted to P25,479,260,315 (2024 - P29,374,320,011). The Company appropriated P8.6 billion from its unrestricted retained earnings for future capital expenditures and property development projects. The excess retained earnings include accumulated fair value gain of P13,430,872,699 (2024 - P13,430,872,699) which are not considered available for dividend declaration. 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
2026 (subsequent event)				
March 18, 2026	April 6, 2026	April 21, 2026	567,409,070	0.119
			567,409,070	
2025				
August 12, 2025	August 29, 2025	September 11, 2025	438,572,615	0.092
March 12, 2025	March 28, 2025	April 11, 2025	869,489,580	0.183
			1,308,062,195	
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	

Dividends paid in 2025 amount to P1,299,852,619 (2024 - P1,365,888,474).

(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, 2024	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
Other comprehensive income	2,635,000	-	2,635,000
Balances at December 31, 2025	131,581,848	(12,155,778)	119,426,070

(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:

	2025	2024
Net income for the year	6,035,002,498	7,270,272,618
Weighted average number of shares outstanding	4,764,056,287	4,764,056,287
Earnings per share	1.27	1.53

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 2025 and 2024.

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:

	2025	2024
Net debt		
Bank loans	19,095,000,000	18,095,000,000
Less: Cash and cash equivalents	1,369,526,862	441,074,261
	17,725,473,138	17,653,925,739
Total equity	40,187,969,172	35,458,393,868
Gearing ratio	44%	50%

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	2025	2024
Salaries, wages and other benefits		72,487,011	232,856,439
Retirement benefit expense	18	27,985,018	50,874,849
		100,472,029	283,731,288

16 Other operating expenses

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

	Note	2025	2024
Advertisement and promotion		33,490,011	21,739,460
Repairs and maintenance		23,706,166	14,194,504
Professional fees		15,363,563	15,518,325
Utilities		7,461,713	3,574,113
Janitorial, security and other services		6,387,075	5,551,780
Telephone and communication		4,110,524	2,578,438
Membership fees and dues		4,065,610	3,252,025
Supplies		3,131,806	2,187,489
Entertainment, amusement and recreation		2,727,074	2,351,541
Insurance		1,160,359	4,093,658
Rent	22	232,143	4,813,262
Others		12,172,732	12,344,889
		114,008,776	92,199,484

17 Miscellaneous income

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

	Notes	2025	2024
Gain (loss) on fair value adjustments of financial assets at FVTPL	3	323,823	(1,219,385)
Gain (loss) on sale of property and equipment		(68,622)	200,645
Foreign exchange (loss) gain, net	2	(559,359)	(2,592,873)
Bank charges		(884,103)	(813,407)
Others		1,850,611	7,474,371
		662,350	3,049,351

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, 2025. 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, 2025. The principal assumptions used by the actuary for the years ended December 31 are as follows:

	2025	2024
Discount rate	6.27%	5.82%
Salary increase rate	5.00%	5.00%

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

	2025	2024
Present value of defined benefit obligation	194,242,213	179,154,727
Fair value of plan assets	(146,396,276)	(130,466,095)
Retirement benefit liability	47,845,937	48,688,632

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

	Note	2025	2024
Current service cost		23,574,720	21,173,357
Past service cost		-	40,456,729
Net released obligation due to employee transfers		-	(14,039,007)
Net interest cost		4,410,298	3,283,770
Retirement benefit expense	15	27,985,018	50,874,849

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

	2025	2024
January 1	179,154,727	130,907,633
Interest cost	7,950,995	5,828,044
Current service cost	23,574,720	21,173,357
Past service cost	-	40,456,729
Benefits paid by the Company from retirement funds	(16,438,229)	(5,386,409)
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	194,242,213	179,154,727

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

	2025	2024
January 1	130,466,095	93,748,646
Interest income	14,505,006	2,544,274
Return on plan assets	-	3,573,452
Contributions	17,863,404	40,655,975
Net acquired/(released) asset due to employee transfer		-
Benefits paid from retirement fund	(16,438,229)	(10,056,252)
December 31	146,396,276	130,466,095

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, 2025 and 2024, the Company had no other transactions with the plan.

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

	2025	2024
Cash in banks	10,513	9,369
Investments in debt instruments	166,320,062	148,221,865
Other assets	1,208,137	1,076,673
Liabilities	(21,142,436)	(18,841,812)
	146,396,276	130,466,095

At December 31, 2025 and 2024, 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, 2025 and 2024.

The Company expects to contribute P52,265,740 to the retirement fund in 2026.

The average duration of the expected benefit payments as at December 31, 2025 is 8.25 years (2024 - 10 years).

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

	2025	2024
Less than a year	62,812,695	60,866,734
Between 1 and 5 years	102,608,026	63,506,491
Between 5 and 10 years	154,578,696	188,328,032
Between 10 and 15 years	127,473,998	79,572,359
Between 15 and 20 years	118,540,670	128,217,059
20 years and above	135,037,377	105,458,017
	701,051,462	625,948,692

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)	
	2025	2024
Discount rate		
Increase by 1.0%	(7,542,299)	(8,651,521)
Decrease by 1.0%	11,970,892	9,681,119
Salary increase rate		
Increase by 1.0%	13,112,595	10,735,100
Decrease by 1.0%	(8,755,961)	(9,772,379)

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:

	2025	2024
Current	7,266,272	6,949,198
Deferred	21,528,738	1,041,197,087
	28,795,010	1,048,146,285

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

	2025	2024
Deferred income tax liabilities (assets)		
Unrealized gain on cumulative fair value adjustments of investment properties	4,538,483,929	4,538,483,929
Interest income from advances to related parties	97,460,115	75,931,377
Financial assets at FVOCI	23,022,427	22,557,427
Provision for impairment of receivables	(187,994,166)	(187,994,166)
	4,470,972,305	4,448,978,567

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

	2025	2024
January 1	4,448,978,567	3,405,186,480
Charged to profit or loss	21,528,738	1,041,197,087
Charged to other comprehensive income	465,000	2,595,000
December 31	4,470,972,305	4,448,978,567

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:

	2025	2024
NOLCO	99,951,872	180,254,294
Accrued expenses	23,111,288	26,939,793
Retirement benefit liability	25,311,530	18,315,276
MCIT	13,179,588	8,572,916
Unamortized past service cost	8,437,947	8,437,947
Unrealized foreign exchange loss	139,840	648,218
Unrecognized deferred tax assets	177,128,318	243,168,444

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	2025	2024
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	27,165,997
		721,017,177	721,017,177
Applied		(33,801,672)	-
Expired		(441,672,963)	-
Total		279,344,214	721,017,177
Unrecognized DTA at 25%		69,836,053	180,254,294

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	2025	2024
2021	2024	-	1,497,427
2022	2025	2,659,600	2,659,600
2023	2026	4,927,209	4,927,209
2024	2027	986,107	986,107
2025	2028	7,266,272	-
		15,839,188	10,070,343
Expired		(2,659,600)	(1,497,427)
		13,179,588	8,572,916

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:

	2025	2024
Tax at statutory rate of 25%	1,515,949,377	2,079,604,726
Adjustments resulting from:		
Unrecognized deferred tax assets	9,655,625	51,912,373
Unrecognized MCIT	7,266,272	6,949,199
Loss on fair value adjustment of financial assets at FVTPL	-	304,846
Non-deductible interest expense	158,363	-
Non-deductible expenses	1,500,687	249,846
Depreciation of investment property	-	(111,811)
Interest income subjected to final tax	(633,453)	(999,388)
Unrealized loss in marketable securities	(80,956)	-
Unrecognized NOLCO	(15,446,671)	(5,963,092)
Dividend income	(1,151,177,437)	(452,158,134)
Share in net income from joint venture	(338,396,797)	(631,642,280)
Effective income tax expense	28,795,010	1,048,146,285

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:

	2025		2024		Terms and conditions
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	
Subsidiaries					
Rental income (a)	285,029,648	19,390,779	268,198,307	27,243,747	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	1,685,740,958	21,343,373,660	3,304,357,775	18,098,425,083	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.
Dividend income	4,604,709,747	-	1,803,550,538	140,286,005	Balances are to be collected in cash and are due generally within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Advances	3,751,157,900	3,731,157,900	3,576,132,371	1,939,509,196	Balances are to be collected in cash and are due generally within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Administrative recharges to the Company	(11,574,802)	(2,527,665,471)	(17,529,694)	(2,528,736,440)	Balances are to be collected in cash and are due generally within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Entities under common control					
Rental income (a)	112,672,348	12,995,454	121,118,991	35,007,727	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	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)	-	392,210,888	225,147,237	216,979,737	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	649,700,590	1,336,160,674	137,807,873	3,634,763,253	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		(952,871)	(891,177)	(1,377,139)	Balances are to be collected in cash and are due generally within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Condominium dues (d)			1,316,375	-	Balances are to be collected in cash and are due generally within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Key management personnel					
Salaries and other short-term employee benefits		132,457,726	-	128,896,377	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 2025 and 2024 nor amounts due to/from key management personnel as at December 31, 2025 and 2024.
Post-employment benefits		17,418,549	-	51,944,740	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 of advances as at December 31, 2025 and 2024 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 condominium dues to the condominium corporations of the projects developed by the company 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, 2025.

21 Provisions and contingencies

Critical accounting estimate - Provision

As at December 31, 2025 and 2024, 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	2025	2024
Percentage basis	20	382,023,474	366,240,166
Fixed monthly rental		12,958,778	5,567,351
		394,982,252	371,807,517

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

	2025	2024
Within one (1) year	12,621,511	5,582,401
One to two (1 to 2) years	7,645,398	5,270,167
	20,266,909	10,852,568

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.

23 Net debt reconciliation

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

	Notes	2025	2024
Bank loans, January 1	13	18,095,000,000	10,115,000,000
Additions		1,000,000,000	8,740,000,000
Payments		-	(760,000,000)
Bank loans, December 31	13	19,095,000,000	18,095,000,000
Cash and cash equivalents	2	(1,369,526,862)	(441,074,261)
Net debt		17,725,473,138	17,653,925,739

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, 2025 and 2024.

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, 2025 and 2024 and net foreign exchange gains/losses for the years ended December 31, 2025 and 2024 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, 2025 and 2024.

(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	2025	2024
Receivables from related parties	4	27,574,362,112	23,283,068,609
Advances to officers and employees	4	946,491	-
Interest receivable	4	574,594	55,180
Others	4	2,177,765	363,232
Refundable deposits	11	2,367,242	1,925,582
Total		27,580,428,204	23,285,412,603
Allowance for impairment of other receivables	4	(751,976,666)	(751,976,666)
		26,828,451,538	22,533,435,937

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:

	2025	2024
<i>Financial liabilities maturing within one year</i>		
Accounts payable and other current liabilities	2,655,720,436	2,691,839,620
Bank loans, including future interest	4,522,486,313	11,087,709,306
Dividends payable	92,075,333	83,865,757
	7,270,282,082	13,863,414,683
<i>Financial liabilities maturing beyond one year</i>		
Bank loans, including future interest	14,579,827,034	10,934,000,000
Deposits from tenants	1,277,886	1,277,886
	14,581,104,920	10,935,277,886
Total Financial liabilities	21,851,387,002	24,798,692,569

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, 2025 and 2024 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

New standards, amendments and interpretations adopted by the Company

The Company has adopted 'Lack of Exchangeability, *Amendments to PAS 21*' for the first time for its annual reporting period effective January 1, 2025. The amendment did not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods as the Company is not exposed to material amounts of foreign currency denominated assets and liabilities.

New standards, amendments and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Company.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)
- Contracts Referencing Nature-dependent Electricity – Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)
- Annual Improvements to PFRS Accounting Standards – Volume 11 (effective for annual periods beginning on or after January 1, 2026)

The amendments have no impact on prior-period amounts and does not give rise to adjustments in the current or future periods.

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

Issued in May 2025, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRS Accounting Standards to apply reduced disclosure requirements. The amendment has no impact on prior-period amounts and does not give rise to adjustments in the current or future periods.

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. As the Company has minimal foreign exchange differences, separate disaggregation is not required under PFRS 18. However, the Company will ensure that these are classified in the appropriate category in accordance with the new presentation requirements.

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.

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, 2025 and 2024.

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, 2025 and 2024, 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 P47,025,633 for the year based on the Vatable sales amounting to P391,880,279.

The VATable sales shown above is based on gross sales 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).

(b) *Input VAT*

Movements in input VAT for the year ended December 31, 2025 follow:

Beginning balance	3,135,237
Current year's purchases:	
Purchases other than capital goods	14,775,835
Input tax applied against output tax	(17,911,072)
Total input VAT	-

(c) *Documentary stamp tax*

Documentary stamp taxes for the year ended December 31, 2025 amounted to P10,903,284 which mainly pertain to taxes on loans, lease contracts 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, 2025 consist of:

	Amount
Real property tax	33,182,510
Business taxes	3,229,123
Community tax	10,500
Fringe benefit tax	9,579,369
Others	6,099,713
	<u>52,101,215</u>

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
Withholding tax on compensation	108,796,817	8,570,673	117,367,490
Expanded withholding tax	26,280,413	1,246,627	27,527,040
Final withholding taxes	75,104,774	-	75,104,774

(f) Tax assessments and cases

In 2025, the Company does not have any deficiency tax assessments and tax cases under preliminary investigation with the BIR, litigation and/or prosecution in courts or bodies outside the BIR.

Shang Properties, Inc.
Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2025
(All amounts in thousands of Philippine Peso)

Unappropriated Retained Earnings, beginning of the year		10,444,885
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Others (Catch up of equity in net income of joint venture, net of dividends declared and Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL), in prior years)	722,624	
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	1,308,099	
Retained earnings appropriated during the reporting period	8,622,000	(10,652,723)
Unappropriated Retained Earnings, as adjusted		(207,838)
Add: Net Income for the current year		6,035,002
Less: Category C.1: Unrealized income recognized in the profit or loss during the year (net of tax)		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	324	
Equity in net income of joint venture, net of dividends declared	1,353,587	(1,353,911)
Adjusted net income		4,681,091
Total Retained Earnings, end of the year available for dividend declaration		4,473,254



Isla Lipana & Co.

Independent Auditor's Report

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

Report on the Audits of the Financial Statements

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, 2025 and 2024, and its consolidated financial performance and its cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The consolidated financial statements of the Company comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of comprehensive income for each of the three years in the period ended December 31, 2025;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2025;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2025;
- and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

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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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in the Philippines. We have also 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
<p>a) Valuation of investment properties</p> <p>Refer to Note 10 to the consolidated financial statements for the details of the investment properties and discussion on critical accounting estimates and assumptions.</p> <p>As at December 31, 2025, total investment properties, carried at fair value, amounts to P50 billion which accounts for about 52% 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.</p>	<p>We have addressed the matter by obtaining the latest appraisal reports.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>We have also assessed the reasonableness of these assumptions given the current market and economic conditions.</p> <p>We have evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, licenses and client portfolio.</p> <p>We have also verified the appropriateness and sufficiency of the disclosures in accordance with PFRS 13 and PAS 40.</p>

Key Audit Matters	How our Audit Addressed the Key Audit Matters
<p>b) Revenue recognition on condominium sales based on PoC as a measure of progress</p> <p>Refer to Note 6 to the consolidated financial statements for the discussion on critical accounting estimates and assumptions.</p> <p>The revenue arising from condominium sales for the year ended December 31, 2025, amounts to P3.6 billion which accounts for about 32% the consolidated revenues. It is, therefore, material to the consolidated financial statements.</p> <p>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.</p>	<p>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.</p> <p>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 site visits and 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.</p>

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.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Shang Properties, Inc.
Page 8

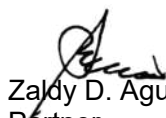
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 8, 2026, Makati City

SEC A.N (individual) as general auditors 105660-SEC, Category A;
valid to audit 2020 to 2025 financial statements

SEC A.N (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements

T.I.N. 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/P-003, effective until November 14, 2028

Makati City
March 23, 2026



Isla Lipana & Co.

Statement Required by Rule 68, Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
Shang Properties, Inc.
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Blvd.
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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, on which we have rendered the attached report dated March 23, 2026. 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, 2025, 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 8, 2026, Makati City

SEC A.N (individual) as general auditors 105660 -SEC, Category A;

valid to audit 2020 to 2025 financial statements

SEC A.N (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2025 financial statements

T.I.N. 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/P-003, effective until November 14, 2028

Makati City
March 23, 2026

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Isla Lipana & Co.

Statement Required by Rule 68, Securities Regulation Code (SRC)

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

We have audited 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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 23, 2026. 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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 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 8, 2026, Makati City
SEC A.N (individual) as general auditors 105660-SEC, Category A;
valid to audit 2020 to 2025 financial statements
SEC A.N (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
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Makati City
March 23, 2026

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Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2025 and 2024
(All amounts in thousands of Philippine Peso)

	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	3	4,470,198	3,171,640
Financial assets at fair value through profit or loss	4	37,334	32,895
Receivables	5	5,267,272	7,709,620
Properties held for sale	6	9,280,593	8,396,598
Prepayments and other current assets	7	5,361,030	3,392,553
Total current assets		24,416,427	22,703,306
Non-current assets			
Investments in and advances to associates and a joint venture	8	8,953,153	9,250,604
Investment properties	10	50,080,177	47,194,415
Financial assets at fair value through other comprehensive income	11	849,868	846,768
Property and equipment, net	12	9,668,938	9,980,510
Goodwill	13	269,871	269,871
Deferred income tax assets	26	123,129	172,741
Other non-current assets	14	2,242,724	1,424,121
Total non-current assets		72,187,860	69,139,030
Total assets		96,604,287	91,842,336
Liabilities and Equity			
Current liabilities			
Accounts payable and other current liabilities	15	6,554,527	5,340,738
Current portion of:			
Bank loans	16	4,522,000	11,055,000
Deposits from tenants	17	833,912	570,017
Deferred lease income	17	124,416	27,176
Income tax payable	26	241,673	293,091
Dividends payable		92,077	527,467
Total current liabilities		12,368,605	17,813,489
Non-current liabilities			
Bank loans, net of current portion	16	14,573,000	7,040,000
Advance rental, net of current portion	30	140,812	140,812
Deposits from tenants, net of current portion	17	593,188	502,378
Contract liability, net of current portion	20	318,067	-
Deferred lease income, net of current portion	17	22,340	29,783
Retirement benefit liability	25	108,470	171,215
Deferred income tax liabilities, net	26	8,457,335	8,837,955
Total non-current liabilities		24,213,212	16,722,143
Total liabilities		36,581,817	34,535,632
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	334,193	301,867
Retained earnings - appropriated	18	8,622,000	-
Retained earnings - unappropriated	18	39,575,742	45,480,205
Total equity attributable to shareholders of the Parent Company		53,982,451	51,232,588
Non-controlling interests	9	6,040,019	6,074,116
Total equity		60,022,470	57,306,704
Total liabilities and equity		96,604,287	91,842,336

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, 2025
(All amounts in thousands of Philippine Peso)

	Notes	2025	2024	2023
Revenues				
Condominium sales	20	3,624,845	4,382,085	3,073,245
Rental and cinema	10, 20	2,877,018	2,684,420	2,540,440
Hotel operation	20	4,776,834	4,519,414	4,203,092
		11,278,697	11,585,919	9,816,777
Cost of sales and services				
Condominium sales	21	2,380,405	2,031,229	1,233,491
Rental and cinema	21	96,312	101,776	70,883
Hotel operation	21	2,314,475	2,216,925	2,162,346
		4,791,192	4,349,930	3,466,720
		6,487,505	7,235,989	6,350,057
Gross profit				
Operating expenses				
Staff costs	22	708,281	740,476	634,831
Taxes and licenses		288,518	247,881	192,983
Insurance		45,639	45,350	38,423
Depreciation and amortization	12	32,759	35,464	34,006
Provision for impairment of related party receivable	28	-	751,977	-
Other operating expenses	23	1,449,678	1,378,264	1,210,438
		2,524,875	3,199,412	2,110,681
Other income (charges), net				
Foreign exchange (losses) gains, net	3	(16,317)	(15,718)	(10,195)
Gain on fair value adjustment of investment properties, net	10	-	5,200,705	-
Other income, net	24	182,943	217,077	387,532
		166,626	5,402,064	377,337
Finance income, net				
Finance income	24	303,112	357,518	125,229
Finance costs	24	(124,788)	(65,942)	(52,119)
		178,324	291,576	73,110
Share in net income of associates and a joint venture	8	1,353,587	2,526,569	2,460,747
Income before income tax		5,661,167	12,256,786	7,150,570
Income tax expense	26	(1,000,038)	(2,285,061)	(1,049,013)
Net income for the year		4,661,129	9,971,725	6,101,557
Other comprehensive income				
Item that will be subsequently reclassified to profit or loss				
Translation adjustments		28,428	-	6,627
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	2,635	14,705	14,450
Remeasurement of retirement benefit, net of tax		1,263	(2,551)	(5,703)
		32,326	12,154	15,374
Total comprehensive income for the year		4,693,455	9,983,879	6,116,931
Net income attributable to:				
Shareholders of the Parent Company		4,025,636	9,356,554	5,518,419
Non-controlling interests	9	635,493	615,171	583,138
		4,661,129	9,971,725	6,101,557
Total comprehensive income attributable to:				
Shareholders of the Parent Company		4,057,962	9,368,708	5,533,793
Non-controlling interests	9	635,493	615,171	583,138
		4,693,455	9,983,879	6,116,931
Basic and diluted earnings per share attributable to shareholders of the Parent Company				
	27	0.845	1.964	1.159

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, 2025
(All amounts in thousands of Philippine Peso)

	Equity attributable to shareholders of the Parent Company							Total	Non- controlling interests (Note 9)	Total equity
	Share capital (Note 18)	Share premium (Note 18)	Treasury shares (Note 18)	Other comprehensive income (Note 18)	Equity reserves	Retained earnings - appropriated (Note 18)	Retained earnings - unappropriated (Note 18)			
Balances at January 1, 2023	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 32)	-	-	-	-	-	-	(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
Comprehensive income										
Net income for the year	-	-	-	-	-	-	4,025,636	4,025,636	635,493	4,661,129
Other comprehensive income	-	-	-	32,326	-	-	-	32,326	-	32,326
Total comprehensive income	-	-	-	32,326	-	-	4,025,636	4,057,962	635,493	4,693,455
Transaction with owners										
Cash dividends declared (Note 19)	-	-	-	-	-	-	(1,308,099)	(1,308,099)	(669,590)	(1,977,689)
Appropriation (Note 18)	-	-	-	-	-	8,622,000	(8,622,000)	-	-	-
Balances at December 31, 2025	4,764,059	834,440	(6,850)	334,193	(141,133)	8,622,000	39,575,742	53,982,451	6,040,019	60,022,470

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, 2025 (All amounts in thousands of Philippine Peso)

	Notes	2025	2024	2023
Cash flows from operating activities				
Income before income tax		5,661,167	12,256,786	7,150,570
Adjustments for:				
Depreciation and amortization	12	417,512	396,345	377,127
Finance costs	24	124,788	65,942	51,032
Retirement benefit expense	25	73,679	90,708	37,362
(Gain) loss on fair value adjustment of financial assets at fair value through profit or loss	4, 24	(4,439)	2,510	(4,012)
(Recovery of) provision for doubtful accounts	5, 23	(238)	752,262	(51)
Unrealized foreign exchange gain	3	(2,709)	(3,536)	(2,108)
(Gain) loss on sale of property and equipment	24	69	(265)	(1,313)
Amortization of deferred lease income		(16,933)	(33,718)	4,679
Dividend income	24	(152)	(53,744)	(8,168)
Share in net income of associates and a joint venture	8	(1,353,587)	(2,526,569)	(2,460,747)
Gain on fair value adjustment of investment properties, net	10	-	(5,200,705)	-
Finance income	24	(303,112)	(357,518)	(125,229)
Operating income before working capital changes		4,596,045	5,388,498	5,019,142
Changes in working capital:				
Receivables		2,481,902	(1,835,154)	(1,281,744)
Properties held for sale		(883,996)	(3,259,167)	(897,466)
Prepayments and other current assets		(2,006,418)	617,308	(333,815)
Other non-current assets		(817,984)	(1,224,249)	(1,266,385)
Accounts payable and other liabilities		1,588,555	47,435	367,744
Retirement benefit liability		(27,910)	10,748	10,025
Advance rentals		(59,195)	112,860	(17,459)
Deposits from tenants		421,362	63,531	(2,251)
Net cash generated from (absorbed by) operations		5,292,361	(78,190)	1,597,791
Income tax paid		(1,345,408)	(722,806)	(475,942)
Interest received		292,224	353,287	127,951
Retirement benefits paid directly by the Group		(107,448)	(47,743)	(13,137)
Net cash provided by (used in) operating activities		4,131,729	(495,452)	1,236,663
Cash flows from investing activities				
Additions to:				
Property and equipment	12	(103,515)	(131,791)	(117,841)
Advances to a joint venture	8	1,651,038	(145,604)	(10,489)
Investment properties	10	(2,885,762)	(4,582,794)	(1,231,618)
Dividends received	24	152	53,744	8,168
Proceeds from sale of property and equipment	12, 24	-	41	7,624
Proceeds from payment for advances	8	-	750,000	-
Net cash used in investing activities		(1,338,087)	(4,056,404)	(1,344,156)
Cash flows from financing activities				
Payments of:				
Loan principal	16	-	(760,000)	(1,370,000)
Interest	16	(84,713)	(33,622)	(54,040)
Cash dividends paid to:				
Shareholders	19	(1,299,853)	(922,203)	(1,369,273)
Non-controlling shareholders of subsidiaries	9	(1,113,227)	(712,357)	(186,763)
Proceeds from loan availments	16	1,000,000	8,740,000	3,175,000
Net cash (used in) provided by financing activities		(1,497,793)	6,311,818	194,924
Net increase in cash and cash equivalents for the year		1,295,849	1,759,962	87,431
Cash and cash equivalents at January 1	3	3,171,640	1,408,142	1,318,603
Effects of exchange rate changes on cash and cash equivalents	3	2,709	3,536	2,108
Cash and cash equivalents at December 31	3	4,470,198	3,171,640	1,408,142

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, 2025 and 2024

and for each of the three years in the period ended December 31, 2025

(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.

Geopolitical Uncertainty

Subsequent to the reporting date, armed conflicts arising from geopolitical tensions in the Middle East increased volatility in global markets and disrupted certain trade routes. Management assessed that these developments did not have material impact on the Group's financial position or results of operations as of December 31, 2025, based on information currently available. However, the situation continues to evolve and may affect future performance and financial position, depending on its duration and wider economic effects. Management will continue to monitor developments and will refile material impacts in future reporting periods.

The consolidated financial statements have been approved and authorized for issue in accordance with a resolution of the Board of Directors dated March 18, 2026. There are no material events from the date of the approval of these financial statements up to March 23, 2026.

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 Project (SBR) 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 SPI Realty Inc.(SPIRI), formerly, 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 One Shang Central, formerly, Shang One Horizon. The project is 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.

(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 2025, 2024, and 2023. 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 2025, 2024, and 2023.

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2025 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	3,624,845	-	-	-	3,624,845	-	3,624,845
Rental and cinema	150,076	-	3,125,168	-	3,275,244	(398,226)	2,877,018
Hotel operation	-	4,776,834	-	-	4,776,834	-	4,776,834
Cost of sales and services							
Condominium sales	(2,380,405)	-	-	-	(2,380,405)	-	(2,380,405)
Rental and cinema	(21,950)	-	(74,362)	-	(96,312)	-	(96,312)
Hotel operation	-	(2,314,475)	-	-	(2,314,475)	-	(2,314,475)
Gross profit	1,372,566	2,462,359	3,050,806	-	6,885,731	(398,226)	6,487,505
Operating expenses	(830,465)	(1,024,046)	(1,241,648)	(80,263)	(3,176,422)	651,547	(2,524,875)
Other income and expenses	277,398	28,821	4,719,430	889,750	5,915,399	(5,445,661)	469,738
Share in net income of associates and a joint venture	-	-	1,353,587	-	1,353,587	-	1,353,587
Interest expense and bank charges	(1,585)	(4,330)	(118,822)	(51)	(124,788)	-	(124,788)
Income before income tax	817,914	1,462,804	7,763,353	809,436	10,853,507	(5,192,340)	5,661,167
Income tax expense	(236,306)	(363,732)	(355,512)	(3,851)	(959,401)	(40,637)	(1,000,038)
Net income for the year	581,608	1,099,072	7,407,841	805,585	9,894,106	(5,232,977)	4,661,129
Segment assets	34,550,062	8,217,635	79,718,779	1,591,614	124,078,090	(36,426,956)	87,651,134
Associate and joint venture companies (Note 8)	-	-	-	8,953,153	8,953,153	-	8,953,153
Total assets	34,550,062	8,217,635	79,718,779	10,544,767	133,031,243	(36,426,956)	96,604,287
Segment liabilities	27,779,204	1,239,614	30,834,133	7,591,378	67,444,329	(30,862,512)	36,581,817
Capital expenditures for the year (Notes 10 and 12)	24,837	48,984	29,586	107	103,514	-	103,514

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	4,382,085	-	-	-	4,382,085	-	4,382,085
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)	(5,051)	(101,776)
Hotel operation	-	(2,216,925)	-	-	(2,216,925)	-	(2,216,925)
Gross profit	2,475,415	2,302,489	2,831,180	-	7,609,084	(373,095)	7,235,989
Operating expenses	(680,517)	(926,528)	(2,137,323)	(73,116)	(3,817,484)	618,072	(3,199,412)
Other income and expenses	323,951	432,022	6,680,940	751,887	8,188,800	(2,429,218)	5,759,582
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	2,117,933	1,804,625	9,839,731	678,738	14,441,027	(2,184,241)	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	1,484,209	1,453,513	8,554,304	663,940	12,155,966	(2,184,241)	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	(26,165,994)	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

3 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2025	2024
Cash on hand	5,442	75,143
Cash in banks	1,425,603	1,250,293
Cash equivalents	3,039,153	1,846,204
	4,470,198	3,171,640

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, 2025 amounted to P49.8 million (2024 – P40.6 million; 2023 – P22.1 million) (Note 24).

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:

	2025			2024		
	Foreign currency	Exchange rate	Peso equivalent	Foreign currency	Exchange rate	Peso equivalent
US Dollar	1,132	55.57	62,929	1,289	58.01	74,775
HK Dollar	1,106	7.46	8,246	1,091	7.47	8,150
CN Yuan	6	8.39	54	-	-	-

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:

	2025	2024	2023
Foreign exchange (losses) gains			
Realized	(19,026)	(19,254)	(12,303)
Unrealized	2,709	3,536	2,108
	(16,317)	(15,718)	(10,195)

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	2025	2024
At January 1		32,895	35,405
Gain on fair value adjustment	24	4,439	(2,510)
At December 31		37,334	32,895

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 Receivables

Receivables, net, as at December 31 consist of:

	2025	2024
Trade		
Installment contracts receivable	2,682,795	5,731,178
Rent receivables	290,145	158,039
Receivables from guests and concessionaires	237,292	181,441
Non-trade		
Related parties	2,692,590	2,351,603
Advances to officers and employees	6,372	4,854
Interest	16,753	5,865
Others	106,372	41,925
	6,032,319	8,474,905
Allowance for impairment of receivables	(765,047)	(765,285)
	5,267,272	7,709,620

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 is recognized as part of finance income in the statement of comprehensive income.

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	2025	2024
At January 1		765,285	13,023
Provision for related party receivable	28	-	751,977
(Recovery) Provision for other receivables		(238)	285
At December 31		765,047	765,285

The Group's receivables are all denominated in Philippine Peso.

There were no receivables pledged as collaterals as at December 31, 2025 and 2024.

6 Properties held for sale

Properties held for sale as at December 31 consist of:

	2025	2024
Condominium units held for sale	1,222,132	371,462
Project under development held for sale	8,058,461	8,025,136
	9,280,593	8,396,598

(a) Condominium units held for sale

This account represents accumulated costs of completed residential units, parking slots and storage units (Note 1) that are being held for sale.

Condominium units sold in 2025 amounted to P3.6 billion (2024 – P4.6 billion; 2023 – P3.1 billion). The related cost of condominium units sold amounted to P2.4 billion in 2025 (2024 – P2.0 billion; 2023 - P1.2 billion) (Note 21).

(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:

	2025	2024
Land	3,450,343	3,841,369
Development costs	2,973,405	2,965,498
Professional and consultancy costs	709,264	536,522
Project management costs	682,928	653,923
Others	242,521	27,824
	8,058,461	8,025,136

In 2024, transfers were made to investment property relating to construction and development costs incurred during the period attributable to the retail portion of The Rise Makati condominium (Note 10) amounting to P121,642. This is considered a non-cash transaction.

Critical accounting estimate - Estimation of net realizable value (NRV) of properties held for sale

Properties held for sale are carried at the lower of cost or 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, 2025 and 2024. 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 reporting dates are as follows:

Projects	2025	2024
Shang Residences at Wack Wack	100%	96%
Laya by Shang	36%	22%
Shang Summit	21%	7%
Shang Bauhinia Residences	14%	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 5% would demonstrate the buyer's commitment to pay, based on historical data.

7 Prepayments and other current assets

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

	2025	2024
Advances to contractors and suppliers	3,237,083	1,837,982
Input value added tax (VAT)	640,793	512,670
Creditable withholding tax (CWT)	626,763	664,704
Prepaid commission	590,918	132,033
Consumables and supplies	28,609	34,578
Prepaid insurance	14,851	8,102
Deferred input VAT	3,756	5,778
Other prepaid expenses	218,257	196,706
	5,361,030	3,392,553

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 fulfillment 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:

	2025	2024	2023
Investment in a joint venture			
At January 1	7,260,375	5,629,057	3,157,821
Impact of change in accounting for significant financing component and borrowing cost of joint venture	-	(890,855)	-
Share in net income for the year	1,353,587	2,526,569	2,460,747
Others	(46,038)	(4,396)	10,489
At December 31	8,567,924	7,260,375	5,629,057
Advances to a joint venture	385,096	1,990,096	2,590,096
Investments in various associates	133	133	133
	8,953,153	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, its first project, in 2019. As at December 31, 2025, the Aurelia Residences Project is 98% complete (2024 - 89%). 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, 2025 Haraya Residences - South Tower is 39% completed (2024 - 20%) while the North Tower is 35% completed (2024 - 7%).

In 2019, the Parent Company extended advances totaling P1.0 billion to SRPI, bearing interest at 4% and originally maturing on April 1, 2023, to fund SRPI's working capital requirements. Upon maturity, P750 million was collected, while the remaining balance was mutually agreed to be collectible at a future date to be subsequently determined by both parties.

Between 2021 and 2024, additional advances aggregating P1.74 billion were extended to SRPI under the same interest terms. In 2025, of the total advances to the joint venture amounting to P1.9 billion, the Group collected P1.6 billion.

Interest income earned from these advances amounted to P86.1 million in 2025 (2024 - P75.1 million; 2023 - P91.9 million) (Note 24).

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

	2025	2024
Cash and cash equivalents	1,723,839	241,383
Other current assets	20,506,919	15,405,316
Current assets	22,230,758	15,646,699
Non-current assets	2,505,268	7,174,495
Total assets	24,736,026	22,821,194
Financial liabilities (excluding trade payables)	4,115,334	1,934,880
Other current liabilities	495,849	406,059
Current liabilities	4,611,183	2,340,939
Non-current financial liabilities (excluding trade payables)	856,717	3,781,693
Other non-current liabilities	2,132,561	2,300,198
Non-current liabilities	2,989,278	6,081,891
Total liabilities	7,600,461	8,422,830
Net assets	17,135,565	14,398,364
Revenue	5,775,891	10,799,033
Depreciation and amortization	1,639	1,568
Interest income	967,791	800,079
Interest expense	(176,094)	(200,515)
Income tax expense	(518,959)	(1,302,286)
Net income for the year	2,737,200	5,053,138
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,737,200	5,053,138

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:

	2025	2024
Net assets	17,135,565	14,398,364
Effective ownership interest	50%	50%
	8,567,782	7,199,182
Additional investments	142	61,193
	8,567,924	7,260,375

(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

Purchase consideration – cash outflow

	Amount
Cash consideration	2,526,268
Less: Cash balance acquired	40
Net outflow of cash – investing activities	2,526,228

There were no acquisitions in the year ended December 31, 2025.

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:

	2025	2024
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*

	2025	2024
<i>Summarized statements of financial position</i>		
Current assets	473,211	210,053
Current liabilities	412,792	317,106
Non-current assets	10,666,107	10,666,335
Non-current liabilities	2,471,032	2,431,615
Equity	8,255,494	8,127,666
Equity attributable to:		
Equity holders of the Parent Company	5,782,148	5,692,617
NCI	2,473,346	2,435,049
	8,255,494	8,127,666
Dividends declared to NCI	157,590	197,736

	2025	2024	2023
<i>Summarized statements of comprehensive income</i>			
Revenues	962,328	913,290	904,133
Cost and expenses	(150,430)	(132,978)	(141,255)
Other income (expense), net	(4,731)	12,888	2,647
Income before income tax	807,167	793,200	765,525
Income tax expense	(153,340)	(146,953)	(141,575)
Net income for the year	653,827	646,247	623,950
Other comprehensive income (loss) income	(535)	(417)	-
Total comprehensive income	653,292	645,830	623,950
Net income attributable to:			
Equity holders of the Parent Company	457,941	452,631	437,015
NCI	195,887	193,616	186,935
	653,828	646,247	623,950
Total comprehensive income attributable to:			
Equity holders of the Parent Company	457,566	452,339	437,015
NCI	195,726	193,491	186,935
	653,292	645,830	623,950

	2025	2024	2023
<i>Summarized statements of cash flows</i>			
Operating activities	675,828	657,650	626,656
Investing activities	(105)	(1,719)	(261)
Financing activities	(526,000)	(660,000)	(624,000)

(b) *Shang Global City Properties, Inc.*

	2025	2024
<i>Summarized statements of financial position</i>		
Current assets	1,560,703	1,799,592
Current liabilities	1,157,283	1,466,958
Non-current assets	6,667,655	6,983,466
Non-current liabilities	93,054	158,415
Equity	6,978,021	7,157,685
Equity attributable to:		
Equity holders of the Parent Company	4,186,813	4,294,611
NCI	2,791,208	2,863,074
	6,978,021	7,157,685

	2025	2024	2023
<i>Summarized statements of comprehensive income</i>			
Revenues	4,776,834	4,519,414	4,203,091
Cost of sales and services	(2,301,305)	(2,216,925)	(2,162,591)
Operating expenses	(1,017,594)	(907,020)	(829,387)
Other charges, net	(15,078)	(10,839)	134,439
Interest expense	(4,329)	(3,357)	(33,715)
Interest income	24,277	23,484	11,950
Income before income tax	1,462,805	1,404,757	1,323,787
Income tax benefit (expense)	(363,732)	(351,112)	(333,274)
Net income (loss) for the year	1,099,073	1,053,645	990,513
Other comprehensive income (loss)	1,263	(1,376)	(5,703)
Total comprehensive income (loss)	1,100,336	1,052,269	984,810
Net income (loss) attributable to:			
Equity holders of the Parent Company	659,444	632,187	594,308
NCI	439,629	421,458	396,205
	1,099,073	1,053,645	990,513
<i>Total comprehensive income attributable to:</i>			
Equity holders of the Parent Company	660,202	631,361	590,886
NCI	440,134	420,908	393,924
	1,100,336	1,052,269	984,810
<i>Summarized statements of cash flows</i>			
Operating activities	1,046,015	910,887	1,550,803
Investing activities	(19,523)	(63,093)	136,926
Financing activities	(1,283,875)	(3,358)	(1,402,779)

Dividends amounting to P1.28 billion were declared and paid by SGCPI in 2025 (P1.29 billion – 2024).

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	Construction in Progress	Total
At January 1, 2024		15,467,969	19,169,703	2,651,601	37,289,273
Transfers due to change in use from properties held for sale	6	-	121,643	-	121,643
Capitalized subsequent expenditures		2,472,078	56,763	2,053,953	4,582,794
Fair value gain		4,800,837	399,868	-	5,200,705
At December 31, 2024		22,740,884	19,747,977	4,705,554	47,194,415
Transfers due to change in use from properties held for sale	6	-	-	-	-
Capitalized subsequent expenditures		-	-	2,885,762	2,885,762
At December 31, 2025		22,740,884	19,747,977	7,591,316	50,080,177

In 2024, transfers arising from the change in use from properties held for sale relate to construction and development costs incurred during the period attributable to the retail component of The Rise Makati condominium (Note 6).

Construction in progress pertain to the construction and development costs incurred One Shang Central Project, previously disclosed as Shang One Horizon Project.

As at December 31, 2025 and 2024, 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:

	2025	2024	2023
Rental revenue	2,842,802	2,655,471	2,516,453
Cinema revenue	34,216	28,949	23,987
Total rental and cinema revenue	2,877,018	2,684,420	2,540,440
Cost of rental and cinema	(96,312)	(101,776)	(70,883)
Profit arising from investment properties carried at fair value	2,780,706	2,582,644	2,469,557

Cost of rental and cinema include share in common expenses, real property taxes and insurance expenses (Note 21).

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:

Fair value of hierarchy	2025			Total
	Land	Buildings	Construction in Progress	
Level 2	14,720,708	1,681,006	7,591,316	23,993,030
Level 3	8,020,176	18,066,971	-	26,087,147
Total	22,740,884	19,747,977	7,591,316	50,080,177

Fair value of hierarchy	2024			Total
	Land	Buildings	Construction in Progress	
Level 2	14,720,708	1,681,006	4,705,554	21,107,268
Level 3	8,020,176	18,066,971	-	26,087,147
Total	22,740,884	19,747,977	4,705,554	47,194,415

(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 2025 by P240 million (2024 – P211 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, 2025 and 2024	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Building (The Enterprise Center (Office))	P10,663,731	Direct income capitalization	Rental value	P1,680 per square meter (2024 - P1,680)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	95% (2024 - 95%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Expense- revenue ratio	5.55% (2024 - 5.55%)	
			Discount rate	11.37% (2024 - 11.37%)	
Land and building (Main wing and east wing of Shangri-La Plaza mall (Retail), including the land where the property is located)	P15,423,416 (Land – P 8,020,176; Building – P7,403,240)	Direct income capitalization	Rental value	P1,520 per square meter (2024 - P1,520)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	97.5% (2024 – 97.5%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Expense- revenue ratio	17% (2024 - 17%)	
			Discount rate	8.86% (2024 – 8.86%)	

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 2025 by P261 million (2024 – P261 million).

Critical accounting judgments

(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, 2025 and 2024 are disclosed in the previous table.

11 Financial assets at fair value through other comprehensive income

This account consists of equity securities as follows:

	2025	2024
Unquoted securities	488,430	488,430
Quoted securities	9,101	9,101
Acquisition cost	497,531	497,531
Cumulative changes in fair value	352,337	349,237
Fair value	849,868	846,768

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:

	2025	2024
At January 1	285,628	270,923
Gain on fair value adjustment	3,100	17,300
Deferred income tax effect	(465)	(2,595)
At December 31	288,263	285,628

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, 2025	9,622,474	78,396	7,197,983	16,898,853
Additions	18,345	3,974	81,196	103,515
Disposals	(2,054)	(4,590)	(19,554)	(26,198)
At December 31, 2025	9,638,765	77,780	7,259,625	16,976,170
Accumulated depreciation and amortization				
At January 1, 2025	1,861,689	53,213	5,003,441	6,918,343
Depreciation and amortization	130,253	2,553	284,706	417,512
Disposals	-	-	(28,623)	(28,623)
At December 31, 2025	1,991,942	55,766	5,259,524	7,307,232

	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

Net book values at				
At December 31, 2025	7,646,823	22,014	2,000,101	9,668,938
At December 31, 2024	7,760,785	25,183	2,194,542	9,980,510

Depreciation and amortization were allocated as follows:

	Note	2025	2024	2023
Cost of sales and services	21	375,026	353,537	343,121
Operating expenses		32,759	35,464	34,006
Capitalized under property held for sale		9,727	7,345	-
		417,512	396,346	377,127

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 2025 and 2024, 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, 2025 and 2024.

13 Goodwill

Goodwill acquired through business combinations has been allocated to SGCPI, the Cash Generating Unit (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 10.95% (2024 – 11.05%). Cash flows beyond the five-year period are extrapolated using a steady growth rate of 4.00% (2024 – 4.75%), 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	2025	2024
Advances to contractors and suppliers, noncurrent		1,251,968	1,233,752
Installment contracts receivable, noncurrent		912,700	-
Refundable deposits		53,508	72,111
Retirement benefit asset	25	1,022	402
Deferred input VAT		-	319
Other noncurrent assets		23,526	117,537
		2,242,724	1,424,121

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 various 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.

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	2025	2024
Trade:			
Accounts payable		1,002,796	666,894
Advance rentals	30	121,827	181,022
Accrued expenses:			
Construction		842,843	467,989
Employee benefits		240,706	209,149
Commission		70,065	156,541
Utilities		35,724	30,468
Repairs and maintenance		8,353	11,254
Advertising and promotion		4,025	2,351
Professional fees		952	16,871
Others		768,958	815,067
Retention payables		1,181,499	761,057
Customers' deposits from:			
Condominium buyers		701,399	528,404
Hotel guests		255,718	198,868
Contract liabilities		496,171	222,150
Other trade payables		95,800	172,855
Non-trade:			
Output VAT		168,854	263,972
Payable to related parties	28	148,067	176,282
Payable to government agencies		50,890	69,946
Deferred output VAT		40,235	5,898
Others	28	319,645	383,700
		6,554,527	5,340,738

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:

	2025	2024
Current portion	4,522,000	11,055,000
Non-current portion	14,573,000	7,040,000
	19,095,000	18,095,000

Movements in the bank loans as at December 31 are as follows:

	2025	2024
At January 1	18,095,000	10,115,000
Proceeds from loan availments	1,000,000	8,740,000
Payments	-	(760,000)
At December 31	19,095,000	18,095,000

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

Year	2025	2024
2025	-	11,055,000
2026	4,522,000	-
2029	145,730	70,400
2030	145,730	70,400
2031	145,730	70,400
2032	145,730	70,400
2033	145,730	70,400
2034	13,844,350	6,688,000
	19,095,000	18,095,000

Total interest expense arising from these loans as shown in the consolidated statements of comprehensive income in 2025 amounted to P81 million (2024 – P28.5 million; 2023 – P34 million) (Note 23). Total capitalized interest amounted to P916 million in 2025 (2024 – P958 million; 2023 – P429 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 5.83% (2024 - 5.65%).

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 5.10% to 6% (2024 - 6.0% to 6.5%). The short-term loans have payment terms of 3 to 12 months (2024 - 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, 2025, the total cumulative amount of drawdown is P14.6 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.

In 2025, BDO Unibank Inc. approved an increase in the Parent Company’s credit line by P5 billion (bringing the total to P10 billion), Bank of Commerce approved a credit line of P7.5 billion, and Union Bank of the Philippines approved a credit line of P1 billion.

17 Deposits from tenants; Deferred lease income

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. 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:

	2025	2024
Current portion	833,912	570,017
Non-current portion	593,188	502,378
	1,427,100	1,072,395

Deferred Lease Income

Deferred lease income represents the difference between the face value and present value of refundable tenant deposits. 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.

Details of deferred lease income as at December 31 and its movement during the years are as follows:

	2025	2024
Current portion	124,416	27,176
Non-current portion	22,340	29,783
	146,756	56,959

18 Equity

(a) Share capital, share premium and treasury shares

Details of share capital and share premium at December 31, 2025 and 2024 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
	4,764,058,982	5,598,499

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.

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.

As at December 31, 2025, the Parent Company has 5,075 shareholders (2024 - 5,103). 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 25)	Total other comprehensive income
Balances at January 1, 2023	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
Other comprehensive income (loss)	2,635	28,428	1,263	32,326
Balances at December 31, 2025	288,263	36,144	9,786	334,193

(c) *Retained earnings*

As at December 31, 2025, total unrestricted retained earnings of the Parent Company amounted to P34.1 billion (2024 – P30.3 billion). In 2025, the Parent Company appropriated P8.6 billion from its unrestricted retained earnings for future capital expenditures and property development projects. The excess retained earnings include accumulated fair value gains of P13.43 billion (2024 – P13.43 billion) which are not considered available for dividend declaration.

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.

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.

Date of declaration	Shareholders of record as at	Payment Date	Per Share	Amount
2026 (subsequent to reporting date)				
March 18, 2026	April 6, 2026	April 21, 2026	0.119	567,409
2025				
August 12, 2025	August 29, 2025	September 11, 2025	0.092	438,610
March 12, 2025	March 28, 2025	April 11, 2025	0.183	869,489
				1,308,099
2024				
March 19, 2024	April 4, 2024	April 15, 2024	0.155	739,387
August 28, 2024	September 16, 2024	September 26, 2024	0.134	640,289
				1,379,676
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

Cash dividends paid during 2025 amounted to P2.4 billion (2024 - P1.6 billion; 2023 – P1.5 billion). These include payments to non-controlling shareholders of subsidiaries amounting to P1.1 billion (2024 – P712 million; 2023 – P187 million).

20 Revenue

a. Condominium sales

Revenue from condominium sales is recognized over time based on the project's percentage of completion. The Group's disaggregation of revenue from contracts with customers are as follows:

	2025	2024	2023
Sale of condominium units	3,483,616	4,173,206	2,869,135
Sale of parking slots	141,229	208,879	204,110
	3,624,845	4,382,085	3,073,245

Significant accounting estimate - Assessment of the percentage-of-completion (POC) of the project

The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. Revenue from property 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 specialize in PoC computations. Management believes that revenue from condominium sales reported in the statement of comprehensive income best reflects the PoC of the project as at reporting date.

In 2025, interest income, net, earned by the Company arising from significant financing component of revenue from contracts with customers amounted to P167 million (2024 - 233 million), included within Other income.

Assets and liabilities related to contracts with customers

The Company has recognized the following assets and liabilities related to contracts with customers:

	Note	2025	2024
Installment contract receivables			
Current	5	2,437,243	5,454,819
Non-current	14	912,700	-
		3,349,943	5,454,819
Contract liabilities			
Current	15	496,171	104,615
Non-current		318,067	-
		814,238	104,615

Installment contract receivables and contract liabilities have decreased and increased, respectively, because of collections from buyers based on the agreed payment schedules.

b. Rental and cinema

Details of the Group's rental and cinema income and Parking fee income for the years ended December 31 are as follows:

	2025	2024	2023
Rental and cinema income	2,730,580	2,548,002	2,417,048
Parking fee income	146,438	136,418	123,392
	2,877,018	2,684,420	2,540,440

Rental income from mall and office spaces are related to the lease agreements entered by the Group with third parties. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of sales, whichever is higher.

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

	2025	2024	2023
Within one year	2,108,770	2,023,275	1,865,951
One (1) to two (2) years	1,132,321	1,162,500	927,739
Two (2) to three (3) years	820,021	859,174	679,949
Three (3) to four (4) years	649,329	768,241	590,549
Four (4) to five (5) years	407,916	683,128	526,086
Later than five years	165,688	150,625	153,831

Critical judgment - Operating lease commitments - the Company as a lessor

The Company has entered into property leases on its investment property. 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 property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of this property and accounts for the contracts as operating leases.

Rental income recognized in 2025, 2024 and 2023 are shown in the statement of comprehensive income. The carrying value of investment property as at December 31, 2025, 2024 and 2023 is disclosed in Note 10.

c. Hotel income

The Group's disaggregation of hotel income are as follows:

	2025	2024	2023
Rooms and other ancillary services	2,036,172	1,860,858	1,737,610
Food and beverage	1,796,951	1,742,902	1,678,342
Other operating departments	943,711	915,654	787,140
	4,776,834	4,519,414	4,203,092

21 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	2025	2024	2023
Development costs		1,117,207	1,308,005	824,441
Land		649,538	154,158	406,156
Professional and consultancy costs		230,852	171,707	(195,613)
Project management costs		176,772	140,018	42,838
Commission		158,283	152,401	155,669
Others		47,753	104,940	-
	6	2,380,405	2,031,229	1,233,491

(b) Cost of rental and cinema

	Note	2025	2024	2023
Real property taxes		114,940	85,063	80,030
Insurance		40,035	43,014	37,217
Share in common expenses		(58,663)	(26,301)	(46,364)
	10	96,312	101,776	70,883

(c) Cost of hotel operations

	Note	2025	2024	2023
Food and beverages		960,625	955,345	935,365
Utilities and maintenance		503,594	485,266	496,932
Depreciation and amortization	12	375,026	353,537	353,121
Rooms		321,552	274,000	249,191
Others		153,678	148,777	127,737
		2,314,475	2,216,925	2,162,346

Others consist of telephone, fax, postage, subscriptions, publications, and hotel guest entertainment expenditures.

22 Staff costs

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

	Note	2025	2024	2023
Salaries, Benefits and Others		584,152	649,768	597,469
Retirement benefits costs	25	124,129	90,708	37,362
		708,281	740,476	634,831

23 Other operating expenses

The components of other operating expenses for the years ended December 31 are as follows:

	2025	2024	2023
Advertising	458,148	500,522	415,344
Janitorial, security and others	309,457	380,673	426,732
Professional fees	171,004	120,082	70,824
Commission	132,872	101,112	30,923
Donations	72,330	41,480	51,050
Utilities	69,044	43,849	43,813
Systems license and maintenance	68,301	58,750	37,487
Condominium dues	44,763	61,956	66,735
Repairs and maintenance	29,150	16,042	21,529
Rent	28,096	10,959	7,915
Transportation and travel	20,342	10,119	8,923
Membership fees and dues	15,513	3,434	2,350
Telephone and communication	11,254	9,949	10,615
Supplies	8,542	9,972	7,625
Entertainment, amusement and recreation	6,324	3,837	3,507
Reproduction charges	3,512	3,661	2,444
Gas and oil	788	1,582	2,673
Provision (recovery of) for doubtful accounts	238	285	(51)
	1,449,678	1,378,264	1,210,438

Rent pertains to payments associated with short-term leases.

24 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	2025	2024	2023
Interest arising from:				
Contract from customers		167,242	232,703	-
Advances to a joint venture	8	86,115	75,148	91,882
Cash in banks and cash equivalents	3	49,755	40,646	22,141
Overdue accounts from tenants		-	9,021	10,745
Others		-	-	461
		303,112	357,518	125,229

(a) Other income, net

	Note	2025	2024	2023
Administration and management fee		72,570	82,491	74,235
Forfeited security deposits		54,723	13,144	111,883
Income from ancillary services		17,888	9,987	189,464
(Loss) gain on fair value adjustments of financial assets at fair value through profit or loss	4	4,439	(2,510)	4,012
Dividend income		152	53,744	8,168
Gain on sale of property and equipment		(69)	265	1,313
Miscellaneous income, net		33,240	59,956	(1,543)
		182,943	217,077	387,532

Miscellaneous income, net in 2025 mainly pertains to other service fees received by the Group. Miscellaneous income, net in 2024 pertains to reversal of outstanding accruals for various operating expenses of the Group.

(b) Finance costs

	Notes	2025	2024	2023
Interest expense on bank loans	16	81,338	28,451	33,715
Accretion of interest on deposits from tenants	17	40,075	35,678	17,317
Bank charges		3,375	1,813	1,087
		124,788	65,942	52,119

25 Retirement benefit liability

The Group 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. In general, 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, 2025. The principal assumptions used by the actuary for the years ended December 31 are as follows:

	2025	2024	2023
Discount rate	6.32%	6.12%	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 P1.0 million and P108.5 million, respectively (2024 - P0.4 million and P171.2 million, respectively).

The net defined benefit obligation as at December 31 is determined as follows:

	2025	2024
Present value of defined benefit obligations	458,057	392,566
Fair value of plan assets	(350,608)	(232,500)
Retirement benefit liability	107,449	160,066

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	2025	2024	2023
Current service cost		54,014	35,634	34,003
Past service cost		-	52,537	-
Net interest cost		19,665	2,537	3,359
Pension expense	23	73,679	90,708	37,362

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

	2025	2024
At January 1	392,566	318,936
Interest cost	35,593	35,716
Current service cost	54,014	35,634
Past service cost	-	52,537
Benefits paid directly by the Group	(22,047)	(47,743)
Net released obligation due to employee transfers	(1,834)	-
Remeasurement losses (gains) from:		
Experience adjustments	1,586	(1,170)
Changes in financial assumptions	(1,821)	(1,344)
At December 31	458,057	392,566

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

	2025	2024
At January 1	232,500	205,237
Interest income	15,929	33,179
Losses on plan assets	-	(5,916)
Contributions	124,090	-
Benefits paid from plan assets	(21,911)	-
At December 31	350,608	232,500

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, 2025 and 2024, the Group had no other transactions with the plan.

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

	2025	2024
Cash in banks	1	1
Money market deposits and trust funds	17	14
Investments in equity	348,552	230,775
Investments in debt instruments:		
Treasury notes and bonds	1,514	1,270
Corporate notes and bonds	524	440
	350,608	232,500

At December 31, 2025 and 2024, 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, 2025 and 2024.

Expected contribution to post-employment benefit plans for the year ending December 31, 2026 amounts to P138 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:

	2025	2024
Less than a year	108,113	93,769
Between one and five years	205,639	129,352
Over five years	1,511,540	903,770
	1,825,292	1,126,891

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)	
	2025	2024
Discount rate		
Increase by 1.0%	(29,174)	(16,740)
Decrease by 1.0%	33,500	18,853
Salary increase rate		
Increase by 1.0%	35,740	20,531
Decrease by 1.0%	(31,623)	(18,552)

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.

26 Income taxes

The components of income tax expense (benefit) for the years ended December 31 follows:

	2025	2024	2023
Current	1,314,022	848,440	457,727
Deferred	(313,984)	1,436,621	591,286
	1,000,038	2,285,061	1,049,013

Deferred income tax assets and liabilities as at December 31 consist of:

	2025	2024
Deferred income tax assets:		
Net operating loss carry over (NOLCO)	73,748	100,850
Advance rentals	41,226	46,276
Retirement benefit liability	8,114	22,356
Accrued expenses	45,572	32,532
Guest and banquets prepayments and deposits	50,457	32,441
Deferred lease income	12,801	28,663
Minimum corporate income tax (MCIT)	15,093	4,310
Unamortized funded past service cost	4,540	6,035
Allowance for doubtful accounts	277,807	277,496
Difference in profit, installment method versus PoC method	38,688	44,533
Unrealized loss on foreign exchange	883	2,017
Others	17,544	601
	586,473	598,110
Deferred income tax liabilities:		
Unrealized increase in fair value of investment property	(8,318,080)	(8,209,599)
Difference in profit, installment method versus PoC method	(424,178)	(891,458)
Unrealized increase in fair value of FVOCI	(53,170)	(52,705)
Interest income	(97,460)	(75,931)
Difference between cost of condominium sales for accounting and income tax purposes	(6,268)	(33,601)
Rent income per PFRS 16/PAS 17	(7,243)	-
Unrealized gain on foreign exchange	(151)	(30)
Accrued revenue	(14,129)	-
	(8,920,679)	(9,263,324)
Net deferred income tax liabilities	(8,334,206)	(8,665,214)

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:

	2025	2024
Deferred income tax assets	123,129	172,741
Deferred income tax liabilities	(8,457,335)	(8,837,955)
	(8,334,206)	(8,665,214)

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:

	2025	2024
At January 1	(8,665,214)	(7,191,220)
Charged to profit or loss	313,984	(1,436,622)
Charged to other comprehensive income	17,024	(37,372)
At December 31	(8,334,206)	(8,665,214)

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	2025	2024
2020	2025	409,190	2,129,122
2021	2026	366,336	366,091
2022	2027	239,277	239,155
2023	2026	158,353	157,432
2024	2027	49,155	55,439
2025	2028	175,680	-
		1,397,991	2,947,239
Applied		(187,909)	(1,695,328)
Expired		(515,088)	-
		694,994	1,251,911
Deferred tax at 25%		166,025	312,878
Deferred tax at 20%		225	54
		166,250	312,932
Recognized		73,748	100,850
Unrecognized		92,502	212,082
		166,250	312,932

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:

	2025	2024	2023
Tax at statutory rate of 25%	1,415,299	3,064,197	1,787,642
Additions (reductions) to income tax resulting from:			
Non-deductible expenses	22,251	47,548	12,427
Unrecognized NOLCO	8,735	(5,559)	5,194
MCIT	7,265	986	4,927
Unrecognized other deferred tax	9,662	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	(12,437)	(6,585)	(6,676)
Other non-taxable income	(17,088)	(93,343)	(64,093)
Difference between itemized and optional standard deductions (OSD)	(95,252)	(98,941)	(73,182)
Share in net income of associates and a joint venture	(338,397)	(631,642)	(615,187)
Effective income tax expense	1,000,038	2,285,061	1,049,013

Income tax payable amounted to P241.7 million as at December 31, 2025 (2024 – P293.1 million).

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 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, 2025.

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:

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.

27 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:

	2025	2024	2023
Net income attributable to the shareholders of Parent Company	4,025,636	9,356,554	5,518,419
Divided by the average number of outstanding common shares(in'000)	4,764,059	4,764,059	4,761,918
Basic and diluted earnings per share	0.845	1.964	1.159

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

28 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:

	2025		2024		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	
Affiliates					
Rental income (a) (Note 5)	(18,644)	16,364	121,119	35,008	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)	333,045	399,451	40,640	66,406	Balances to be collected in cash and are due generally within 30 days.
Reimbursed expenses (f)	713	3,620	39,877	2,907	These are non-interest bearing and are not covered by any security.
Affiliates share in Group's expenses (g)	32,895	1,880,944	2,869,160	1,848,049	
Advances (d)		392,211	(751,977)	392,211	
Associates					
Associates' share in Group's expenses (g)	-	-	4	7,022	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)		2,692,590		2,351,603	
Affiliates					
Marketing, management and other service fees (c)	(79,782)	(100,565)	-	(20,783)	Balances are to be settled in cash and are generally due within 30 days.
Condominium dues (e)	10,399	(4,579)	5,313	(14,978)	These balances are non-interest bearing and not covered by any guarantee.
Group's share in affiliates' expenses (g)	97,598	(42,923)	5,168	(140,521)	
Total (Note 15)		(148,067)		(176,282)	

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.

	2025		2024		Terms and conditions
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	
Salaries and other short-term employee benefits	124,038	-	158,646	-	Settled in cash; payable within the current year.
Post-employment benefits	18,697	-	56,701	-	Refer to Note 25.

There were no stock options or other long-term benefits provided in 2025 and 2024 nor amounts due to/from key management personnel as at December 31, 2025, and 2024.

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	2025	2024	2023
At December 31			
Receivables	31,257,497	28,162,834	22,835,823
Accounts payable and other current liabilities	29,252,913	24,982,170	19,049,999
For the years ended December 31			
Rental revenue	398,226	368,044	339,457
Cost of sales and services	-	-	7,728
Operating expenses	651,547	613,021	588,074
Other income	72,953	(99,822)	16,669
Dividend income	4,604,709	2,577,257	1,727,050

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 P395 million in 2025 (2024 – P372 million; 2023 – P347 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, 2025 and 2024, this loan is still outstanding.
- (f) The Parent Company's dividend income from declarations of its subsidiaries are as follows:

	2025	2024	2023
SGCPI	-	773,994	-
SLPC	605,000	575,000	700,000
KSA	368,410	462,264	437,050
SGCHI	270,050	391,421	-
SFBHI	263,949	374,578	-
KRC	-	-	280,000
TRDCI	-	-	280,000
SPDI	110,000	-	15,000
SPRC	-	-	10,000
SPSI	-	-	5,000
SWWPI	2,938,000	-	-
NCRI	49,300	-	-
	4,604,709	2,577,257	1,727,050

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.

29 Provisions and contingencies

Critical accounting estimate - Provision

As at December 31, 2022, the Group recognized provision for a certain tax assessment (Note 15 and 26). 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.

30 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.

31 Financial risk and capital management

31.1 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, 2025 and 2024.

31.1.1 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, 2025 and 2024 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.

31.1.2 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
2025				
Current assets				
Cash and cash equivalents	4,470,198	-	-	4,470,198
Receivables	5,267,272	-	765,047	6,032,319
Financial assets at fair value through profit or loss	37,334	-	-	37,334
Refundable deposits	2,488	-	-	2,488
Non-current assets				
Advances to a joint venture	1,990,096	-	-	1,990,096
Refundable deposits	53,508	-	-	53,508
Financial assets at FVOCI	849,868	-	-	849,868
	12,670,764	-	765,047	13,435,811

	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
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

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, 2025 amounted to P765 million (2024 – P765 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:

	2025	2024
Universal banks	2,284,417	1,180,605
Thrift banks	2,180,077	-
Commercial banks	263	66,985
	4,464,757	1,247,590

Cash in banks and cash equivalents as at December 31, 2025 and 2024 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, 2025 and 2024 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, 2025 (in thousands of Philippine Peso)					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	2,105,365	317,779	22,041	765,047	3,210,232
Loss allowance	-	-	-	765,047	765,047
December 31, 2024 (in thousands of Philippine Peso)					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	6,057,350	-	-	13,308	6,070,658
Loss allowance	-	-	-	13,308	13,308

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.

31.1.3 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, 2025					
Bank loans	4,522,000	-	-	14,573,000	19,095,000
Accounts payable and other current liabilities*	4,849	-	-	-	4,849
Deposits from tenants	-	-	833,912	593,188	1,427,100
Dividends payable	-	92,077	-	-	92,077
Future interest payable	68,090	207,956	210,267	6,827,034	7,313,347
	4,594,939	300,033	1,044,179	21,993,222	27,932,373
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

*excluding advance rentals, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies and provision for restructuring

31.2 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 2025 and 2024.

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:

	2025	2024
Net debt		
Bank loans	19,095,000	18,095,000
Less: cash and cash equivalents	4,470,198	3,171,640
	14,624,802	14,923,360
Capital		
Total equity	60,022,470	57,306,704
Less: Non-controlling interest	6,040,019	6,074,116
	53,982,451	51,232,588
Gearing ratio	0.27	0.29

The Group was able to meet its capital management objectives.

31.3 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:

	Notes	Fair value measurement			Total
		Level 1	Level 2	Level 3	
2025					
Assets measured at fair value					
Financial assets at fair value through profit or loss	4	37,334	-	-	37,334
Investment properties:	10				-
Land		-	12,686,608	8,020,176	20,706,784
Buildings		-	11,306,422	18,066,971	29,373,393
Financial assets at FVOCI:	11				-
Quoted		84,450	-	-	84,450
Unquoted		-	-	765,418	765,418
Assets for which fair values are disclosed					-
Refundable deposits	14	-	55,996	-	55,996
Liabilities for which fair values are disclosed					-
Deposits from tenants	17	-	1,685,563	-	1,685,563
2024					
Assets measured at fair value					
Financial assets at fair value through profit or loss	4	32,895	-	-	32,895
Investment properties:	10				-
Land		-	12,686,608	8,020,176	20,706,784
Buildings		-	8,420,660	18,066,971	26,487,631
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

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 2025 and 2024.

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.

32 Summary of material accounting and financial reporting policies

32.1 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 25)
- 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 20)
- Estimation of net realizable value of properties held for sale (Note 6)
- Impairment of non-financial assets (Note 12)
- Contingencies (Note 29)
- Classification of leases as operating lease (Note 10)
- Income tax (Note 26)

Changes in accounting policies and disclosures

New standards, amendments and interpretations adopted by the Group

The Group has adopted 'Lack of Exchangeability, *Amendments to PAS 21*' for the first time for its annual reporting period effective January 1, 2025. The amendment did not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods as the Group is not exposed to material amounts of foreign currency denominated assets and liabilities.

New standards, amendments and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)
- Contracts Referencing Nature-dependent Electricity – Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)
- Annual Improvements to PFRS Accounting Standards – Volume 11 (effective for annual periods beginning on or after January 1, 2026)

The amendments have no impact on prior-period amounts and does not give rise to adjustments in the current or future periods.

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

Issued in May 2025, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRS Accounting Standards to apply reduced disclosure requirements. The amendment has no impact on prior-period amounts and does not give rise to adjustments in the current or future periods.

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. As the Group has minimal foreign exchange differences, separate disaggregation is not required under PFRS 18. However, the Group will ensure that these are classified in the appropriate category in accordance with the new presentation requirements.

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.

32.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2025 and 2024. 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 %		
	2025	2024	2023
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	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, 2025 and 2024 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 32.8.

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.

32.3 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.

32.4 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 prepayments 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, 2025 and 2024.

- 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, 2025 and 2024.

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, 2025 and 2024.

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.

32.5 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 32.8.

32.6 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 32.8).

32.7 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.

32.8 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.

32.9 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.

32.10 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.

32.11 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.

32.12 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.

32.13 Income 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 valid enforceable document, the performance obligation of the Group is to deliver the condominium unit, which is the normal output of a real estate business. In addition, this document contains information such as the contracting parties' rights and payment terms, which are essential elements for a valid revenue contract. The document must be signed by the contracting parties to make it enforceable prior to revenue recognition. The Group assesses the commercial substance of the contract and the probability that it will collect the consideration.

Significant accounting judgement - Collectability of the transaction price

Identification of a "contract" for a 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 5% would demonstrate the buyer's commitment to pay, based on historical data.

Critical accounting estimate - Revenue based on percentage-of-completion (POC)

Revenue from property sales is recognized over time based on percentage of completion in accordance with the guidance set in PIC Q&A 2016-04. Management believes that revenue from property sales reported in the statement of comprehensive income best reflects the POC of the project as at reporting date.

Significant financing component

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 Group 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.

Contract receivables/liabilities

Under the document, customers are required to pay the transaction price invoiced over a certain period based on payment schedule agreed by the customer and the Group. Any excess collections received over the revenue recognized using the POC method is presented as '*Contract liabilities*' in the statement of financial position. If the amount of revenue under POC however, exceeds the amounts invoiced under the contract, a '*Contract receivable*' is recorded. This account is considered a receivable, as the Company's right to the consideration is unconditional in which only the passage of time is required before payment of the consideration is due.

Customers' deposits

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.

Fulfillment costs

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.

Costs to obtain a contract

Commissions paid to agents in connection with the acquisition of the contract are recognized as an asset (as '*Prepaid commission*' in Note 7). This is amortized and charged to expense based on the project's percentage of completion. The amount recognized as expense is included in '*Cost of properties sold*' in the statement of comprehensive income.

Contract cancellations

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.

32.14 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 32.5).

(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.

32.15 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.

32.16 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, 2025

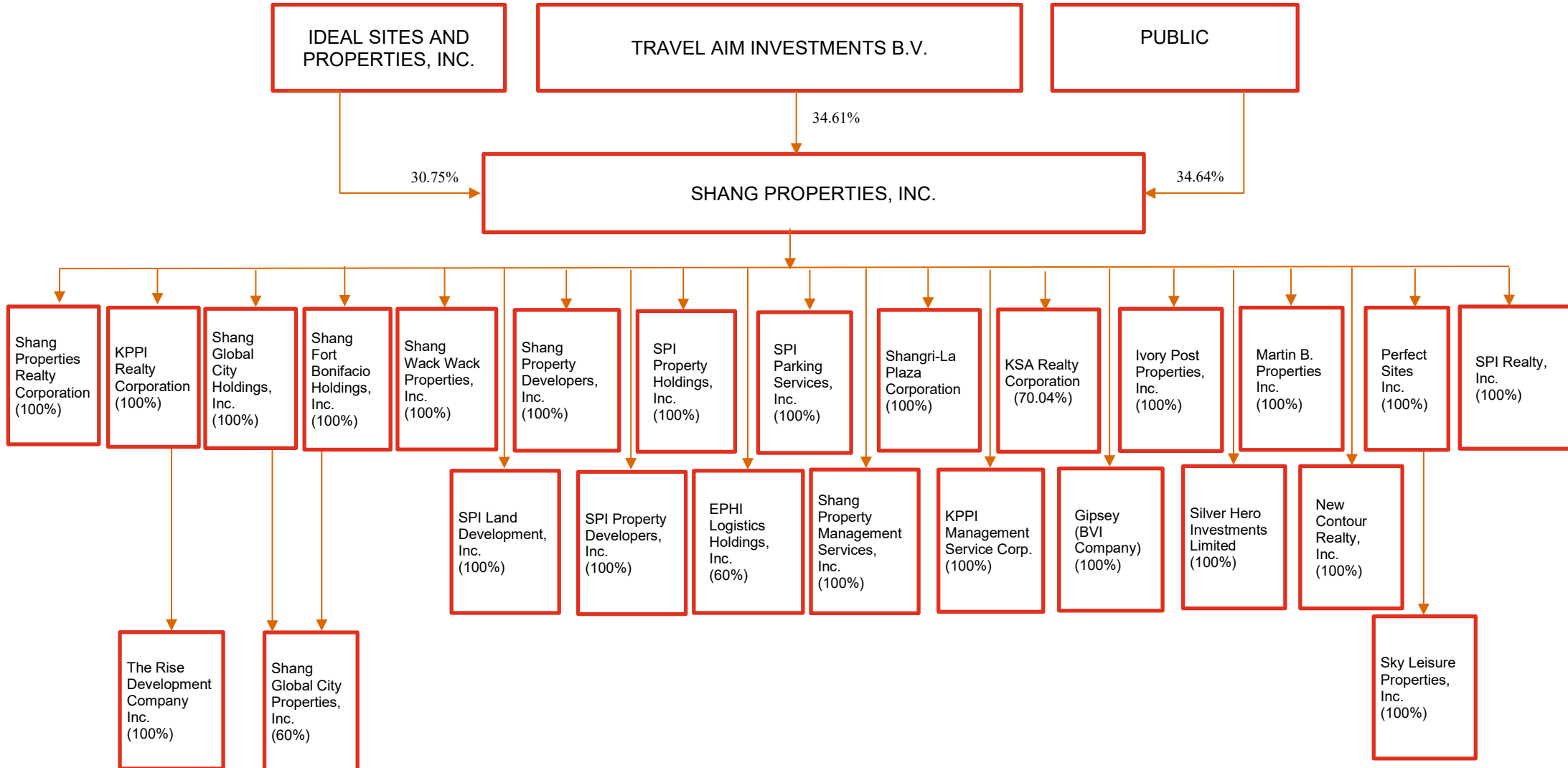
	Current Year	Prior Year
Total audit fees	1,321	1,238
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	1,323
Total non-audit fees	-	1,323
Total audit and non-audit fees	1,321	2,561

Audit and non-audit fees of other related entities

	Current Year	Prior Year
Audit fees	3,345	3,122
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total audit and non-audit fees of other related entities	3,345	3,122

Shang Properties, Inc. and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
As at December 31, 2025



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2025, 2024 and 2023
(All amounts in thousands of Philippine Peso)

Ratio	Formula	2025	2024	2023
A. Current and Liquidity Ratios				
1. Current ratio	Total current assets	24,416,427	1.97	1.27
	Divided by: Total current liabilities	12,368,605		0.99
	Current ratio	1.97		
2. Acid test ratio	Total current assets	24,416,427	1.54	1.08
	Less: Prepayments and other current assets	5,361,030		0.82
	Quick assets	19,055,397		
	Divided by: Total current liabilities	12,368,605		
	Acid test ratio	1.54		
B. Solvency ratio				
	Net income	4,661,129	0.13	0.27
	Add: Depreciation*	32,759		0.30
	Net income before depreciation	4,693,888		
	Divided by: Total liabilities	36,581,817		
	Solvency ratio	0.13		
C. Debt to equity ratio				
	Total liabilities	36,581,817	0.61	0.60
	Divided by: Total equity	60,022,470		0.48
	Debt to equity ratio	0.61		
D. Asset to equity ratio				
	Total assets	96,604,287	1.61	1.60
	Divided by: Total equity	60,022,470		1.48
	Asset to equity ratio	1.61		
E. Debt ratio				
	Total liabilities	36,581,817	0.38	0.38
	Divided by: Total assets	96,604,287		0.32
	Debt ratio	0.38		

(Continued)

Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2025, 2024 and 2023
(All amounts in thousands of Philippine Peso)

Ratio	Formula	2025	2024	2023	
F. Profitability ratios					
1. Return on assets (%)	$\frac{\text{Net income}}{\text{Divided by: Total assets}}$	4,661,129 <u>96,604,287</u>	4.82	10.86	8.17
	Return on assets (%)	4.82			
2. Return on equity (%)	$\frac{\text{Net income}}{\text{Divided by: Total equity}}$	4,661,129 <u>60,022,470</u>	7.77	17.40	12.09
	Return on equity (%)	7.77			
3. Net profit margin (%)	$\frac{\text{Net income}}{\text{Divided by: Total revenues}}$	4,661,129 <u>11,278,697</u>	41.33	86.07	62.15
	Net profit margin (%)	41.33			
G. Earnings per share (EPS) attributable to equity holders of Parent					
	$\frac{\text{Net income after minority interest}}{\text{Divided by: Total shares outstanding}}$	4,025,636 <u>4,764,059</u>	0.85	1.97	1.16
	EPS attributable to equity holders of Parent	0.85			
H. Book value per share (BPS) attributable to equity holders of Parent					
	$\frac{\text{Total equity after minority interest}}{\text{Divided by: Total shares outstanding}}$	53,982,451 <u>4,764,059</u>	11.33	10.76	9.31
	BPS attributable to equity holders of Parent	11.33			

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2025
(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*		4,470,198	4,470,198	49,755
Receivables**		5,267,272	5,267,272	-
Financial assets at fair value through profit or loss***		37,334	37,334	4,438
Refundable deposits****		55,996	55,996	-
Financial assets at fair value through other comprehensive income*****				-
Quoted shares	8	84,450	84,450	3,100
Unquoted shares	298,516	765,418	765,418	
		849,868	849,868	
		10,680,668	10,680,668	

* 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, 2025
(All amounts in thousands of Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction		Current	Non-current	Balance at end of period
			Amount collected	Amount written-off			
Shang Robinsons Properties, Inc.	624,964	230,823	-	-	855,787	-	855,787
Classic Elite Holdings Limited	392,211	-	-	-	-	392,211	392,211
Shang Salcedo Place Condo. Corp.	97,964	7,095	-	-	52,455	52,604	105,059
One Shangri-la Place Condominium Corp	69,533	5,828	8,342	-	35,788	31,231	67,019
The St. Francis Shangri-la Place Condo. Corp	67,375	17,235	-	-	20,062	64,548	84,610
Mactan Shangri-la Hotel	41,875	-	39,109	-	273	2,493	2,766
The Shang Grand Tower Condo. Corp.	41,325	2,352	12,598	-	314	30,765	31,079
EDSA Shangri-la Hotel & Resorts, Inc.	39,993	17,268	49,834	-	4,711	2,716	7,427
The Enterprise Centre Condo. Corp.	16,890	10,084	12,104	-	6,321	8,549	14,870
Makati Shangri-la Hotel	8,863	-	7,104	-	-	1,759	1,759
Ideal Sites Property Inc.	7,023	3	-	-	3	7,023	7,026
Shang Residences At Wack Wack Condo. Corp	-	10,621	-	-	10,621	-	10,621
Others	191,663	160,488	-	-	292,332	59,819	352,151
	1,599,679	461,797	129,091	-	1,278,667	653,718	1,932,385

See Notes 5 and 28 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, 2025
(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.	20,205,136	5,316,887	428,101	-	5,316,887	19,777,035	25,093,922
Silver Hero from SPDI	2,317,500	-	-	-	-	2,317,500	2,317,500
Shang Property Developers, Inc.	2,252,824	-	119,896	-	-	2,132,928	2,132,928
Shangri-la Plaza Corp.	522,721	2,925	2,900	-	2,925	519,821	522,746
The Rise Development Company, Inc.	212,917	5,104	54,005	-	5,104	158,912	164,016
Shang Property management Services, Inc.	186,444	49,583	27,338	-	49,583	159,106	208,689
Shang Properties Realty Corporation	175,405	31,529	49,880	-	31,529	125,525	157,054
Perfect Sites Inc.	161,109	3,500	-	-	3,500	161,109	164,609
Shang Wack Wack Properties, Inc.	82,002	188	-	-	188	82,002	82,190
SPI Property Developers, Inc.	29,810	1,334	26,081	-	1,334	3,729	5,063
SPI Land Development, Inc.	18,997	739	13,130	-	739	5,867	6,606
SPI Property Holdings, Inc.	7,147	227	1,654	-	227	5,493	5,720
Shang Global City Properties, Inc.	4,702	6,277	4,702	-	6,277	-	6,277
New Contour Realty Inc.	4,028	2	-	-	-	4,030	4,030
KSA Realty Corporation	2,949	3,847	2,774	-	3,847	175	4,022
KPPI Realty Corporation	4	-	-	-	-	4	4
	26,183,695	5,422,142	730,461	-	5,422,140	25,453,236	30,875,376

See Note 28 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2025
(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		14,573,000
BPI Short Term Loan Line	7,500,000	50,000	
BDO Short Term Credit Line	10,000,000	4,472,000	
	32,500,000	4,522,000	14,573,000

Shang Properties, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties

As at December 31, 2025

(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	20,783	100,565
St. Francis Shangri-La place Condo. Corp.	277	176
The Enterprise Center condo. Corp	14,701	4,403
Others	140,521	42,923
	176,282	148,067

See Notes 15 and 28 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2025

(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, 2025
(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, 2025

(All amounts in thousands of Philippine Peso)

Unappropriated Retained Earnings, beginning of the year		10,444,885
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	1,308,099	
Retained earnings appropriated during the reporting period	8,622,000	
Others (Catch up of equity in net income of joint venture, net of dividends declared and Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL), in prior years)	722,624	(10,652,723)
Unappropriated Retained Earnings, as adjusted		(207,838)
Add: Net Income for the current year		6,035,002
Less: Category C.1: Unrealized income recognized in the profit or loss during the year (net of tax)		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	324	
Equity in net income of joint venture, net of dividends declared	1,353,587	(1,353,911)
Adjusted net income		4,681,091
Total Retained Earnings, end of the year available for dividend declaration		4,473,254

2025 Annual Sustainability Report
Positioned for Growth, Delivering Value



SHANG
PROPERTIES

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ABOUT THE REPORT

Shang Properties, Inc., together with our subsidiaries (“SPI”, “We”, “Our”, “Company”) are pleased to present the Annual Sustainability Report for the Fiscal Year (FY) 2025, comprising all data and information recorded from the 1st of January 2025 to the 31st of December 2025. This encompasses our performance in sustainability and our management approach to material topics mostly aligned with the Company. This disclosure serves as a reference for our stakeholders as we continue to advance our efforts toward a more sustainable SPI.

The report is developed 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 2025, we have continued to incorporate initial inputs throughout the report to support the future adoption of the revised SEC Sustainability Reporting (SuRe) Framework.



GENERAL INFORMATION

About Shang Properties, Inc. (SPI)



As a key player in premium and luxury prime properties in the Philippines, SPI has been a pillar in property investment and development since its inception in 1987. Listed in the Philippine Stock Exchange (SHNG) in 1991, SPI continues to harbor excellence and refinement through its robust portfolio.

In 2002, we entered the residential condominium sector and have continued to lay the foundation to expand our residential portfolio with signature tower condominium developments in prime locations in Metro Manila and Cebu.



Vision

SPI is committed to be the leading developer and manager of prime properties in the Philippines.

Mission

Leading through product innovation

Delighting with excellent service

Fostering fair treatment and mutual respect

Empowering people to attain their full potential

Upholding good corporate citizenship

Core Values

Service

Honesty

Asian

Nobility

Global

Our Subsidiaries



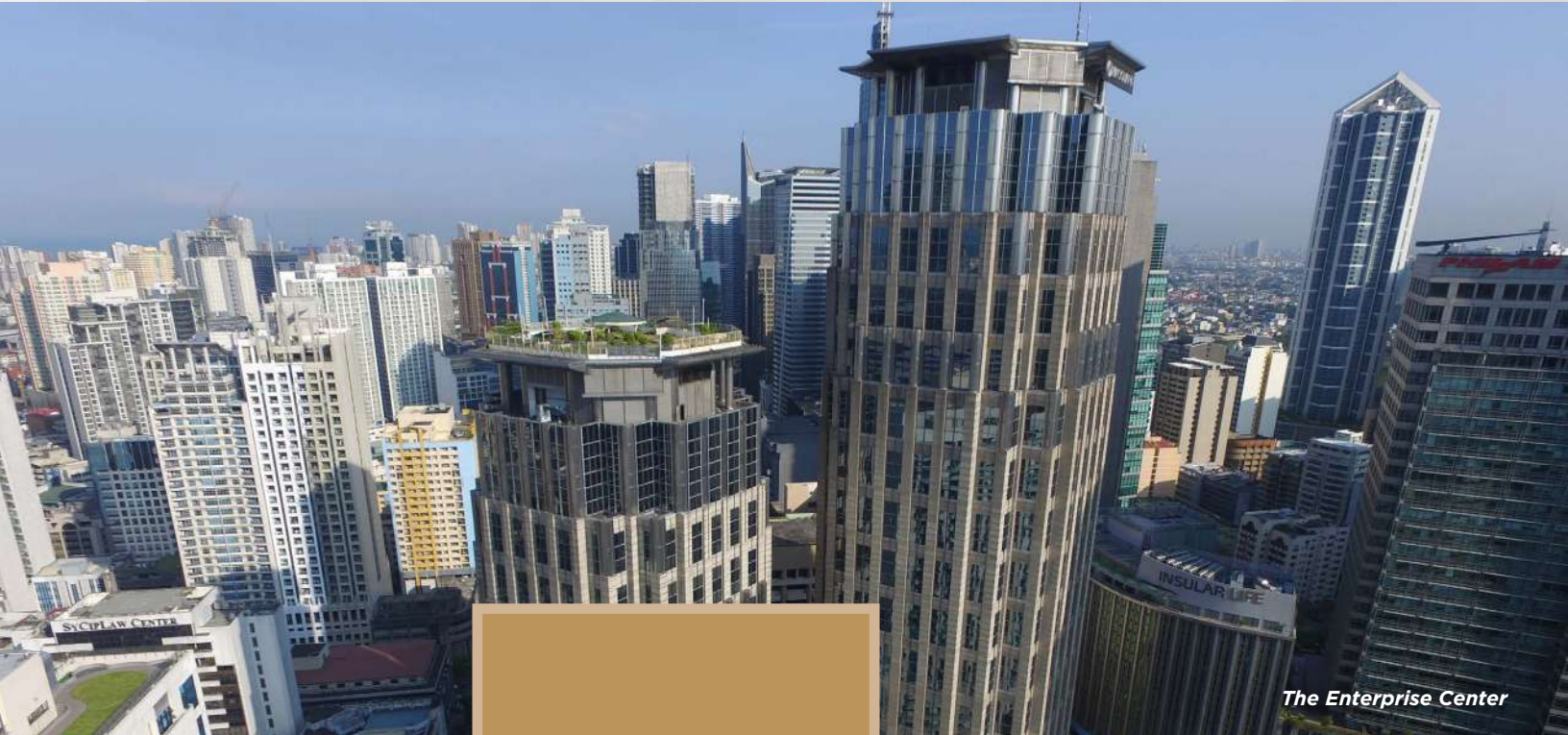
Shangri-La Plaza Mall

SLPC manages Shangri-La Plaza Mall, one of the Philippines' most established premier upscale shopping and lifestyle destinations. As steward of Shangri-La Plaza Mall, SLPC elevates the concept of a mall into a curated destination where luxury, artistry, and meaningful engagement converge. It breaks new ground by integrating experiential retail, lifestyle-driven tenant curation, and architectural enhancements that respond to the evolving sophistication of the Filipino market.

**Shangri-La
Plaza
Corporation
(SLPC)**



Shangri-La Plaza Mall



The Enterprise Center

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), which provides tax incentives to its tenants. KSA embodies pursuit of breaking new grounds in corporate infrastructure through its stewardship of The Enterprise Center. The development stands as a strategic nexus for multinational firms and technology-driven enterprises, offering a globally competitive environment supported by fiscal incentives and institutional-grade facilities.



The Enterprise Center

SPI Parking Services, Inc. (SPSI)

SPSI, formerly EDSA Parking Services, Inc., provides top-of-the-line parking management services. It advances SPI's vision by redefining mobility as an integral component of property excellence. Beyond providing parking solutions, SPSI breaks new ground by integrating intelligent traffic systems, automated payment platforms, and data-driven occupancy monitoring that elevate efficiency and customer experience across SPI developments.



St. Francis Shangri-La Place's Lobby



Shang Bauhinia Residences' Ground Floor Lobby



The Shang Grand Tower Corporation

Shang Properties Realty Corporation (SPRC)



One Shangri-La Place

SPRC, formerly The Shang Grand Tower Corporation, is the developer of several landmark projects, including The Shang Grand Tower along Dela Rosa Street in Legazpi Village, Makati City; St. Francis Shangri-La Place and One Shangri-La Place, both located at Shangri-La Place in the 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 along Bauhinia Drive in Cebu City. From its landmark residential developments that redefine luxury living, SPRC has consistently introduced vertical communities that merge architectural refinement with strategic urban placement. Its ongoing development, Shang Bauhinia Residences, extends this legacy to emerging metropolitan centers, signaling SPI's confidence in regional growth corridors.

SPDI is the developer of the upscale Shang Salcedo Place, located at the corner of Sen. Gil Puyat Avenue and Tordesillas Street in Salcedo Village, Makati City. Strategically located within Makati's central business district, the project reimagines intimate luxury by combining exclusivity with accessibility. It emphasizes refined spatial planning, curated wellness amenities, and enhanced security infrastructure to meet the expectations of discerning homeowners, offering residents a sanctuary within the city's commercial heartbeat.

**Shang
Property
Developers,
Inc. (SPDI)**

*Shang Salcedo
Place's Ground
Floor Lobby*

Shang Salcedo Place's High Zone Lift Lobby



Assembly Grounds' Atrium



The Rise Makati's Lounge

**The Rise
Development
Company,
Inc. (TRDCI)**



Assembly Grounds' Atrium

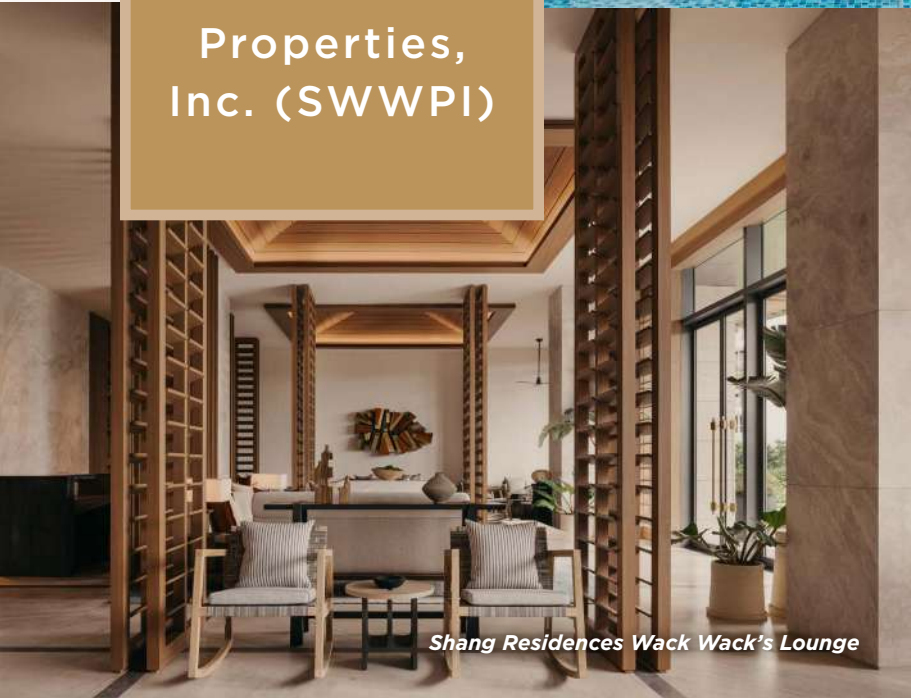
TRDCI is a joint venture with VDCI and the developer of The Rise Makati, a mixed-use condominium project located along Malugay Street in San Antonio Village, Makati City. The project harmonizes residential, commercial, and lifestyle components to serve a dynamic urban demographic. It features co-working-ready spaces, landscaped communal gardens, and retail podiums such as the Assembly Grounds, a two-floor retail hub concepts that encourage connectivity and productivity.



Shang Residences Wack Wack's Pool

**Shang
Wack Wack
Properties,
Inc. (SWWPI)**

SWWPI is a realty development company and the developer of Shang Residences Wack Wack, a residential enclave that balances exclusivity with proximity to established leisure institutions. The project is strategically located near the renowned Wack Wack Golf and Country Club in Greenhills, Mandaluyong City where it embodies refined suburban elegance within an urban setting. Its development initiatives include expansive unit layouts, elevated amenity decks, and premium security systems designed to deliver privacy and prestige.



Shang Residences Wack Wack's Lounge

**Shang
Property
Management
Services, Inc.
(SPMSI)**

SPMSI, formerly EPHI Project Management Services Corporation, provides top-of-the-line property management services. It strengthens the Company's foundation by ensuring operational excellence across its portfolio. SPMSI integrates predictive maintenance systems, sustainability audits, and digital facility management platforms that safeguard asset value and enhance resident satisfaction.



Shangri-La at the Fort Exterior

Shang Global City Properties, Inc. (SGCPI)

SGCPI is the owner, developer, and operator of Shangri-La at the Fort, one of the country’s premier luxury hotels located at 3rd Avenue corner 30th Street in Bonifacio Global City, Taguig City. It also developed Horizon Homes at the Fort, an ultra-luxury condominium project situated on the top levels of the Shangri-La at the Fort hotel building. The hotel serves continuous luxury suite enhancements, world-class dining expansions, and curated concierge services that rival international standards.



Horizon Homes at the Fort Porte Cochere

Positioned for Growth, Delivering Value



Haraya Residences' Facade



Aurelia Residences' Grand Foyer

SRPI is a joint venture between Shang Properties, Inc. (SPI) and Robinsons Land Corporation (RLC) and the developer of the ultra-upscale Aurelia Residences, located at the corner of McKinley Parkway, Fifth Avenue, and 21st Drive in Bonifacio Global City, Taguig City. It is also developing Haraya Residences, an upscale condominium project located in Bridgetowne Estate, Pasig City. Its flagship developments reflect architectural distinction and meticulous craftsmanship in premier urban enclaves. These projects feature expansive residences, curated art-inspired interiors, and estate-level amenities that cater to well-off/privileged individuals.

Shang Robinsons Properties, Inc. (SRPI)



Aurelia Residences' Facade



Haraya Residences' The Veranda



Laya Residences' Lobby

SPI Property Holdings, Inc. (SPI-PHI)

SPI-PHI is a holding company and the realty developer of Laya by Shang Properties, an ongoing residential development that offers vibrant residential concepts that blend accessibility with refined aesthetics. The project is located along Christian Route, Brgy. Oranbo, Pasig City where it incorporates lifestyle-centric amenities, smart home integrations, and community-oriented design elements.



Laya Residences' Facade

SPI-LDI is a realty developer undertaking the construction of Shang Summit, a residential condominium development project located along Sgt. Esguerra Avenue, at the corner of Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City. It integrates elevated amenity platforms, panoramic residential designs, and transit-oriented accessibility features that respond to contemporary urban mobility.

**SPI Land
Development,
Inc. (SPI-LDI)**

Shang Summit's Exterior Tower



**SPI Realty,
Inc. (SPI-RI)**

SPI-RI is one of the real estate subsidiaries of SPI, following the acquisition on October 23, 2024 of 100% of the issued share capital of RapidShare Realty and Development Corporation. The company's primary purpose is the development, sale, and lease of real estate properties.



Shang Summit's Pool Deck



One Shang Central's Exterior

**SPI Property
Developers,
Inc.
(SPI-PDI)**

SPI-PDI is the realty developer of a proposed office and serviced apartment project, One Shang Central, located along Shaw Boulevard, Mandaluyong City. Formerly known as Shang One Horizon, the project has been officially rebranded and registered as "One Shang Central," which will consist of two components: the office segment, One Shang Central Manila, and the residential segment, One Shang Central Residences. Designed to merge office functionality with serviced apartment flexibility, the development anticipates the evolving demands of mobile executives and global enterprises.



One Shang Central's Pool



Materiality Process

SPI upholds a forward-looking materiality assessment process that identifies and prioritizes the topics most significant to the organization. This process is reviewed annually by our Sustainability Core Team to ensure alignment with evolving regulations, emerging industry dynamics, and business developments. Changes to our existing process are correspondingly reviewed and approved by our Board of Directors.

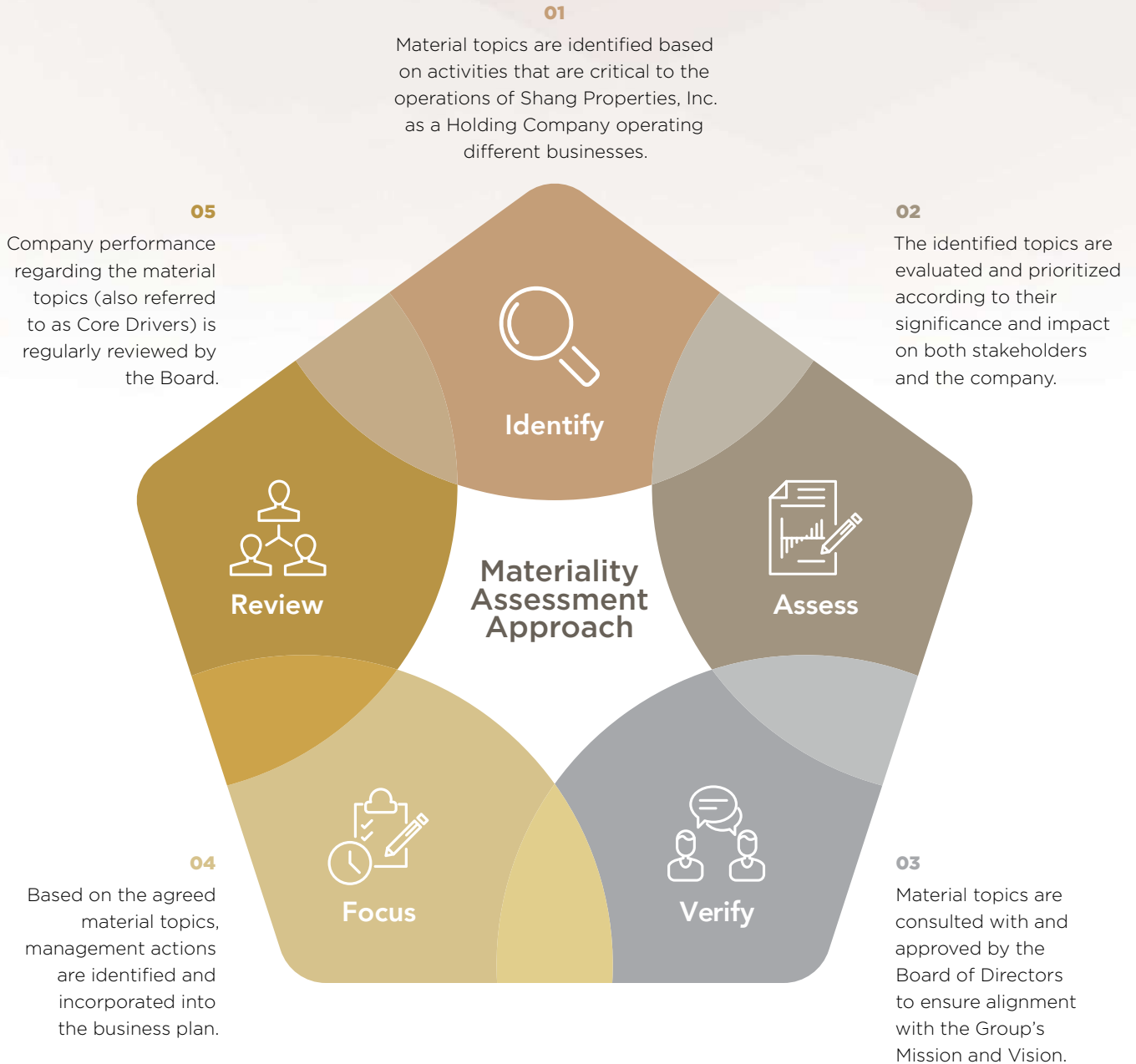


Figure 1. Materiality Assessment Approach

Sustainability Framework

Our materiality assessment approach enables us to identify the principal drivers that significantly shape our sustainability framework. For this FY 2025, we have retained our existing topics in our framework, reflecting our considered view that these topics still hold significant relevance to our organization, especially with the absence of major operational shifts across our business activities throughout the year.

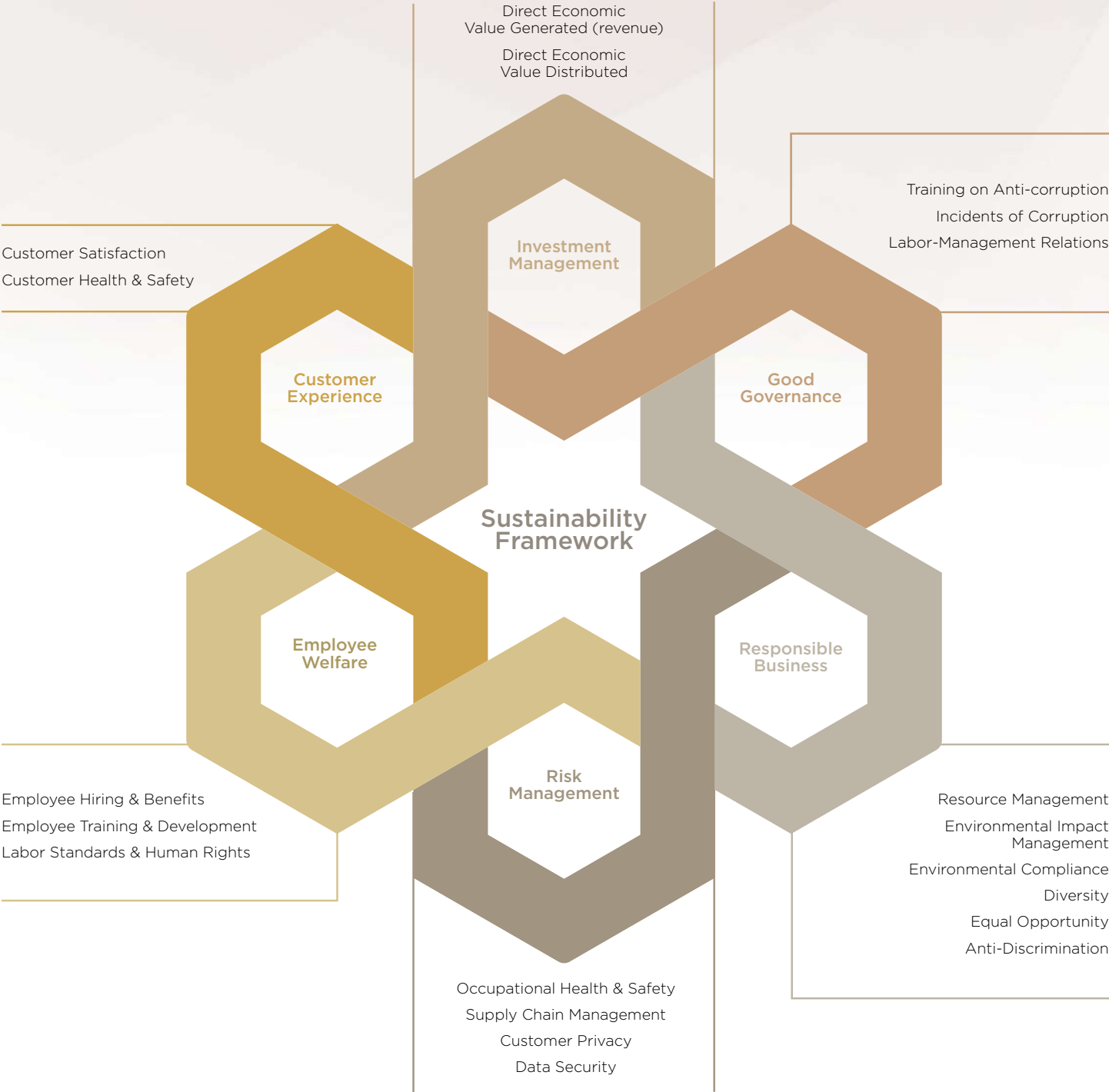


Figure 2. 2025 SPI Sustainability Framework

Climate and Sustainability Disclosures

(IFRS S1/S2-aligned)

SPI recognizes the importance of providing consistent, comparable, and decision-useful sustainability-related information to its stakeholders. In line with the requirements of SEC through Philippine Financial Reporting Standards (PFRS) S1 and S2, the Company is strengthening its disclosures across key areas, including governance, strategy, risk management, and metrics and targets. While current disclosures reflect existing practices, SPI is undertaking a phased approach to enhance its sustainability reporting framework and align more closely with evolving regulatory and reporting expectations.

For FY 2025, SPI has identified priority areas for improvement, with planned initiatives to be implemented. These efforts are intended to establish a more structured and integrated approach to managing sustainability-related risks and opportunities, particularly those related to climate, while supporting more robust disclosures in future reporting cycles.

METRIC CATEGORY	OUR APPROACH AND TARGETS
Governance	In preparation for enhanced sustainability disclosures in future reporting cycles, SPI plans to strengthen its governance framework. The Company intends to further define the roles and responsibilities of the Board and management in overseeing sustainability-related risks and opportunities, including climate-related matters, to support alignment with PFRS S1/S2.
Strategy (Climate-related risks and opportunities)	SPI plans to undertake a structured risk assessment and hazard mapping exercise to identify and evaluate climate-related risks and opportunities across its operations. This includes assessing exposure areas and conducting an initial qualitative identification of impacts, with the intention of linking these impacts to identified risks to support more robust and decision-useful disclosures in future reports.
Risk Management	The Company intends to enhance its processes for identifying, assessing, and managing sustainability-related risks, including climate-related risks. These activities aim to support the integration of sustainability considerations into existing risk management processes and improve the consistency and completeness of future disclosures.
Metrics and Targets	SPI aims to explore opportunities to reduce greenhouse gas emissions through the adoption of more efficient technologies and operational improvements, with further assessment planned in the upcoming years. In parallel, the Company plans to implement targeted data privacy and cybersecurity training programs to strengthen employee capabilities in preventing data breaches, cyber-attacks, and data loss. These initiatives support SPI's broader objective of enhancing operational resilience, reducing environmental impact, and strengthening risk management practices.

Stakeholder Engagement

SPI recognizes stakeholder engagement as fundamental to aligning our strategic priorities with stakeholder expectations. In 2025, we continued to work in close collaboration with multiple departments to review and refine our engagement matrix to further our mission of connecting with all concerned stakeholders. The table below presents an updated overview of these stakeholder communities, their respective modes of engagement, and their key concerns.

METRIC CATEGORY	MEANS OF ENGAGEMENT	ASPECTS	FREQUENCY
Stockholders and Investors	<ul style="list-style-type: none"> Annual Stockholders Meeting Corporate Disclosure Corporate Website 	<ul style="list-style-type: none"> Financial Performance and Cash Flows Business Outlook Resolutions of Business Concerns ESG Performance 	Annually or as needed
Strategy (Climate-related risks and opportunities)	<ul style="list-style-type: none"> Training and development programs Email blasts and bulletins Annual performance appraisals Online portals / Social Media Company activity and Events 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Customer satisfaction surveys Telephone hotlines Social Media 	<ul style="list-style-type: none"> Customer Feedback / areas for improvement General Information Events, Customer complaints 	As needed
Residents and Tenants	<ul style="list-style-type: none"> Email blasts Memorandums Meetings Evacuation drills 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Emails One on one meetings Group meetings/discussions Telephone / mobile phones Site inspections 	<ul style="list-style-type: none"> Cost proposal Warranties Duration of project Scope/Deliverables Payment for services rendered Accreditations / Certifications / Licenses 	As needed
Government and Regulators	<ul style="list-style-type: none"> Emails Site inspections Correspondences Telephone / mobile phones 	<ul style="list-style-type: none"> 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 one of the country's key leaders in prime property investment and development, recognized for its landmark projects that continue to drive growth and create lasting value. Our economic performance is anchored by our diversified real estate portfolio comprising retail malls, residential complexes, offices, and other real estate properties. The fluctuations in market demand directly impact the performance of our business, consequently affecting our stakeholders. These impacts are wide-ranging and may affect shareholder value, investments in local business partners, community development through CSR initiatives, and contributions to local and national governments through taxes and royalties. The table below provides an overview of SPI's financial performance throughout the years:

Disclosure	Unit	2023	2024	2025
Direct Economic Value Generated (Revenue)	PHP	13,339,788,291	15,376,978,798	12,427,859,287
Direct Economic Value Distributed:				
a. Operating Costs	PHP	5,226,553,499	6,306,489,104	5,844,186,944
b. Employee Wages and Benefits	PHP	335,131,480	379,961,185	462,604,498
c. Payments to Suppliers, Other Operating Costs	PHP	1,228,283,867	1,195,350,958	1,466,920,286
d. Dividends given to Stockholders and Interest Payments to Loan Providers	PHP	1,482,528,324	1,843,020,877	5,035,047,227
e. Taxes given to Government	PHP	138,687,025	195,635,218	243,363,436
f. Investments to Community (e.g. Donations, CSR)	PHP	51,050,000	41,430,000	72,780,237

In 2025, SPI recorded a decline in direct economic value generated (revenue), primarily due to the completion of the Wack Wack project and the 98% achievement of Aurelia. Despite this, the Company continued to generate value across its diversified portfolio, supported by its established operations.

Direct economic value distributed remained significant, reflecting SPI's continued contribution to its stakeholders. Operating costs decreased to PHP 5.84 billion in line with the drop in revenue from property development activities. Employee wages and benefits increased to PHP 462.60 million, reflecting continued investment in human capital and workforce support. Payments to suppliers increased to PHP 1.47 billion, driven by higher procurement requirements linked to ongoing operations.

The Company also recorded a substantial increase in dividends and interest payments, reaching PHP 5.04 billion, mainly attributable from Shang Residences at Wack Wack. Contributions to the government increased to PHP 243.36 million, reflecting higher taxable activities during the year due to increased revenue and real property tax (RPT)-related obligations for property development. Meanwhile, investments in the community rose to PHP 72.78 million, amounting to a 75.67% increase, demonstrating the Company's increased focus on social initiatives and community engagement.

As part of its commitment to community development, SPI has further strengthened its support by allocating a significant portion of its budget to programs that promote social well-being and sustainable growth. The Company's CSR activities and donations include support for nutrition and educational assistance programs, as well as education support initiatives implemented through registered charitable foundations. In 2025, SPI also extended assistance and relief to typhoon- and earthquake-affected areas, reinforcing its responsiveness to community needs. These efforts contribute to improving access to basic needs and learning opportunities for underserved communities.

Overall, SPI's economic performance in 2025 reflects a transition period following major project completions, while maintaining its commitment to delivering value to stakeholders and supporting broader economic development.

FEATURE STORY

**Shang
Properties
Earns Dual
Five-Star
Honors at
Asia Pacific
Property
Awards
2025**

SPI won two Five-Star Awards at the Asia Pacific Property Awards 2025 in Bangkok, Thailand. Shang Summit received recognition in the Residential High-Rise Development category for its distinctive architecture and refined living experience. Meanwhile, Shang Bauhinia Residences earned the Five-Star Award in the Apartment/Condominium Development category, highlighting its innovative design and luxury residential offering.

Shang Summit in Quezon City offers modern city living with spacious units and a curated, wide array of lifestyle amenities. Shang Residences at Shang Bauhinia, the Company's flagship condominium project in Cebu City, draws inspiration from resort-style living and offers elegance and a relaxed, refined atmosphere.

Asia Pacific Property Awards is part of the respected International Property Awards. Industry professionals select the awards to recognize outstanding regional architecture, design, and real estate development. These awards reinforce SPI's commitment to creating thoughtfully planned communities that raise Philippine luxury living standards.

Shang Properties was also recognized again as one of the Top 10 Local Developers in Title Delivery Performance at the Bank of the Philippine Islands (BPI) Padayon Awards held last March 2025, highlighting its commitment to efficient and timely title delivery for homeowners, one of the most demanding aspects of the home-buying experience. This recognition reflects the Company's consistent performance and strong service standards, marking the third consecutive year that Shang Properties has received this distinction.

As we continue to expand our property developments, SPI remains well-positioned to deliver sustained value to our shareholders. We remain committed to the long-term success of our 13 business as we continue to strengthen our operations and pursue strategic opportunities for growth and value.

Climate-Related Financial Metrics

As we navigate the changing climate, SPI recognizes the importance of a proactive assessment of risks and opportunities that may impact the business. Maintaining a strong series of financial indicators is essential for facilitating calculated investments and aligning with evolving requirements that place emphasis on climate-related financial metrics. These indicators aid our Company in enhancing our resiliency against disruptors while contributing to the global shift towards a low-carbon economy.

OUR MANAGEMENT APPROACH BALANCING PROFIT & PURPOSE

The SPI Manual on Corporate Governance and the SPI Code of Business Conduct and Ethics set forth the Company's economic policies and guiding principles, which are strictly observed across the organization. These frameworks guide our management processes and ensure the timely submission of financial disclosures and the accuracy and integrity of financial information. The Finance Division maintains clearly defined roles and responsibilities to strengthen accountability and enhance operational efficiency. In addition, we establish defined financial targets, monitor performance through budget reviews, conduct regular audits of financial records, and implement a financial risk management approach to safeguard our organization from market fluctuations that may result in revenue or asset losses.

SPI recognizes that its business activities have an impact on both the communities it serves and the environment. As such, the Company is committed to contributing to a future that benefits all. Guided by our Corporate Social Responsibility (CSR) Policy, we develop and implement programs that respond to the needs of surrounding communities. These initiatives include conducting relief operations in calamity-affected areas, providing venues for socially relevant events, collaborating with partners that uphold environmentally responsible practices, and ensuring the responsible management of waste and resources.

The Company also supports the initiatives of Kerry Foundation Philippines, a non-profit partner organization, which promotes humanitarian programs in areas such as education, climate action, and livelihood development, among others.

FEATURE STORY

Designing Spaces for Generations

SPI envisions a brighter future for the Filipinos by improving the standard of living and enhancing the value of the land for future generations.

We at Shang Properties aspire to be the leading real estate developer in the Philippines by providing contemporary spaces that will be an integral part of the modern Filipino lifestyle, thereby contributing to the country's development. For this, Shang Properties caters to the different needs of various Filipinos by delivering modern residences, such as Haraya Residences and Laya, thereby making Shang Properties their "Home for Generations to Come." Building on the principles of quality and innovation, the Company continually pursues the provision of contemporary designs as well as future-proof residences that incorporate environmentally friendly and eco-friendly features like the provision of lush green areas, the use of energy-efficient equipment, and the implementation of sustainable living practices.

As a total lifestyle provider, it will consistently strive to help shape the future of the country and improve the quality of lives of various Filipino stakeholders across the many generations through the spaces and structures it creates.

Aside from this, Shang Properties was recently featured by International Property Alerts for its innovative approach to real estate development. It highlights how the Company continues to shape sustainable and vibrant communities through thoughtfully designed projects across the Philippines. By integrating modern design and technology, SPI enhances the home-buying experience while responding to the evolving needs of its homeowners.

GOOD GOVERNANCE

Training on Anti-Corruption Policies and Procedures

Our Company upholds the highest ethical standards as a cornerstone of SPI's commitment to business integrity and truth. We continue to prioritize anti-corruption mandates to ensure fair and principled operations to safeguard our long-term business success. Through strong governance and a culture of accountability, SPI is able to ensure the stability of its operations from legal and financial risks while protecting the long-standing trust and confidence of its stakeholders.

Disclosure	Unit	2023	2024	2025
Percentage of Employees to Whom the Organization's Anti-Corruption Policies and Procedures have been Communicated to	%	100	100	100
Percentage of Business Partners to Whom the Organization's Anti-Corruption Policies and Procedures have been Communicated to	%	100	100	100
Percentage of Directors and Management that have Received Anti-Corruption Training	%	50	50	50
Percentage of Employees that have Received Anti-Corruption Training	%	50	50	50

Incidents of Corruption

Disclosure	Unit	2023	2024	2025
Number of Incidents in Which Directors were Removed or Disciplined for Corruption	%	0	0	0
Number of Incidents in Which Employees were Dismissed or Disciplined for Corruption	%	0	0	0
Number of Incidents When Contracts with Business Partners were Terminated due to Incidents of Corruption	%	0	0	0

The Company practices a strong commitment to integrity and ethical conduct by ensuring that its anti-corruption policies and procedures are effectively communicated across all stakeholder groups. All employees and business partners were reached through policy communication initiatives, reflecting consistent and comprehensive coverage. SPI recognizes the importance of continuous anti-corruption training to reinforce ethical standards and is assessing opportunities to expand its training programs moving forward.

SPI also has consistently maintained a strong record in upholding anti-corruption standards, with no corruption incidents that resulted in disciplinary actions, termination of contract, or any formal sanctions over the past years.



**OUR MANAGEMENT
APPROACH
TRANSPARENCY
IN ACTION**

SPI maintains detailed policies and procedures to prevent corruption and address any related incidents within the organization. Through the Code of Business Ethics, Code of Conduct, and Fraud Policy, the Company strictly prohibits bribery, extortion, embezzlement, and other unlawful acts. These policies define clear expectations for ethical behavior and reinforce our commitment to integrity across all operations.

To strengthen this approach, our organization conducts due diligence through regular audits, reviews, and risk assessments that help reduce the risk of involvement in corrupt practices or dealings with questionable groups. Our 2023 Whistleblowing Policy continues to provide stakeholders with multiple channels for reporting unethical or illegal activities. It protects the identity of individuals who raise concerns, safeguards them from retaliation, and ensures that each case is handled fairly and properly.

Labor-Management Relations

SPI is committed to promoting a culture where respect and trust is embedded in its workforce as an integral factor to its corporate responsibility. As a key foundation of the Company's strengthened work environment, SPI cultivates fair treatment and transparent communication between management and employees, enabling mutual alignment of expectations for both parties.

Disclosure	Unit	2023	2024	2025
Number of Consultations Conducted with Employees Concerning Employee – Related Policies	#	0	0	0
Number of Employees Covered by Collective Bargaining Agreement/s	#	N/A	N/A	N/A
Percentage of Employees Covered by Collective Bargaining Agreement/s	%	N/A	N/A	N/A

As the Company does not have any established trade unions, collective bargaining agreements (CBA) are not applicable to its operations. Nonetheless, SPI remains committed to ensuring the fair treatment of employees and open communication with management, with continued focus on employee well-being and maintaining a positive and inclusive work environment.

OUR MANAGEMENT APPROACH EMPOWERING OUR WORKFORCE

At SPI, we value the people behind the success of our Company and dedicate our efforts to protecting the well-being of all employees. Our labor regulations remain aligned with the requirements set by the Department of Labor and Employment (DOLE) and other applicable labor laws.

The Employee Grievance Feedback Mechanism allows employees to raise concerns and provides SPI management with a clear process for addressing issues through proper procedures. The annual Organizational Climate Survey also gathers employee satisfaction feedback and gives the organization an opportunity to review existing policies and make necessary improvements to employee programs.

In addition, the Human Resources Department at SPI supports workforce engagement by maintaining a workplace environment that assists employees at all levels of the organization. The company also conducts team-building activities, values alignment sessions, and strategic planning meetings to help employees strengthen relationships across the organization.



ENVIRONMENTAL

RESPONSIBLE BUSINESS

Resource Management

Energy Consumption within the Organization

Energy is fundamental to SPI's operations, particularly in supporting the development of our construction sites and powering our existing properties. Because of this, we recognize the importance of closely monitoring our energy consumption to identify opportunities to reduce our carbon footprint. Managing energy use carefully not only lowers our environmental impact but also improves efficiency in activities that require significant power. It also helps control day-to-day operating expenses, supporting our long-term economic resilience.

Disclosure	Unit	2023	2024	2025
Renewable Resources	GJ	2,000	0	0
Gasoline	GJ	2,130	1,194	1,192
LPG	GJ	34,146	8,686,372	9,428,122
Diesel	GJ	26,074	520,918	595,068
Electricity	kWh	116,915,734	107,784,819	107,696,434

*FY 2024 LPG and diesel data have been restated to reflect updated and corrected figures.

Energy Savings

Disclosure	Unit	2024	2025
Renewable Resources	GJ	0	0
Gasoline	GJ	63.61	1.81
LPG	GJ	16,479.81	4,430.73
Diesel	GJ	1,454.57	631.17
Electricity	kWh	8,410,323	3,955,566

Energy Intensity

Disclosure	Unit	2024	2025
Energy intensity	GJ per million Php revenue	624.08	837.82

*FY 2024 data has been restated to reflect updated and corrected figures.

In 2025, electricity consumption decreased to 107.70 million kWh, reflecting continued efficiency measures across our properties, including ongoing LED conversion projects, installation of new aircon units with more energy efficiency, and the optimization of equipment operating hours. Fuel consumption increased during the year, driven by expanded construction activities. LPG usage reached 9.43 million GJ, while diesel consumption rose to 595,068 GJ, partly due to power interruptions experienced during the year that increased reliance on generator sets. Gasoline use remained largely unchanged at 1,192 GJ.

Despite higher operational demand, SPI continued to implement energy efficiency initiatives. In 2025, we recorded energy savings of 4,430.73 GJ from LPG, 631.17 GJ from diesel, and 3.96 million kWh from electricity. Overall, our performance reflects a balance between operational growth and ongoing efforts to improve energy efficiency.

OUR MANAGEMENT APPROACH ENERGY CHALLENGE

SPI conducts routine inspections and audits to find opportunities for decreasing energy usage throughout their facilities. In addition, the use of electric vehicles (EVs) is actively being promoted and adopted as part of the Company's commitment to sustainable and environmentally responsible operations. These vehicles are now integrated into the Hotel's transportation fleet and are utilized across various services, helping to reduce carbon emissions and dependence on conventional fuel sources.

The Company also plans to further enhance its energy conservation programs by testing new technologies and evaluating additional initiatives, including the expansion of EV-related infrastructure, although these are at varying stages across properties.

Through these initiatives, SPI aims to reduce resource consumption and minimize its environmental impact, supporting the long-term sustainability of its operations and the maintenance of its green building certifications.

Materials Used by the Organization

Improper waste generation can create negative impacts on both the environment and surrounding communities, and SPI recognizes the importance of addressing these risks. Managing and understanding how resources are used therefore remains essential in supporting more sustainable operations. In line with circular economy principles, SPI encourages the responsible use of everyday resources to help minimize overall consumption.

Disclosure	Unit	2023	2024	2025
Materials Used by Weight/Volume		21,290	504,352,537	162,944,557
Renewable	Kg or L	200	11,588,430	161,000
Non-Renewable	Kg or L	21,090	492,766,699	162,783,557
Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services	%	0	7.6 x 10 ⁻⁵	1.7x 10⁻⁴

*FY 2024 non-renewable data has been restated to reflect updated and correct figures.

The notable decrease in material consumption for FY 2025 is primarily attributable to lower construction activity across SPI's project portfolio during the year. Compared to the peak in 2024 where it was driven by multiple large-scale developments, 2025 saw a slowdown in project implementation, resulting in reduced demand for construction materials and overall operational inputs.

Non-renewable materials continued to account for the majority of total material usage, consistent with the nature of construction activities. However, both renewable and non-renewable material consumption declined significantly in line with reduced project volume.

Despite the overall decrease, SPI continues to integrate resource efficiency considerations into its operations. The use of recycled input materials, while still minimal, showed a slight increase in 2025, reflecting early efforts to incorporate recycled structural components and materials where feasible. Moving forward, SPI aims to further enhance its material management practices and increase the adoption of recycled and renewable inputs as construction activities progress.

**OUR MANAGEMENT
APPROACH
MATERIALS
MATTER**

SPI follows all rules and regulations that apply to material usage and consumption. The Company has appointed a Pollution Control Officer who completed the required training to oversee compliance with environmental regulations. Our operations for loading, unloading, and transporting materials follow Environmental, Occupational Health, and Safety standards set by the organization.

In 2025, we continued to strengthen our resource strategies by promoting the use of materials sourced from accredited suppliers, including structural steel and reinforcement bars, across several active projects. This supports our broader commitment to circular economy principles and responsible material use. Scrap materials, including scrap rebars and other construction materials, are typically sold to scrap dealers, who may recycle them for other uses.

We also continue to explore opportunities to improve resource efficiency in future building projects, including the potential use of reclaimed wood and other sustainable construction materials.

Water and Effluents

Water security remains an important concern for many communities, particularly in industries such as real estate that can significantly influence water distribution in surrounding areas. Recognizing this, SPI acknowledges that water is both a vital resource and a basic human right, making responsible water management an essential priority in our operations.

Disclosure	Unit	2023	2024	2025
Water Consumption	m ³	1,133,242	1,056,526	1,083,051
Water Recycled and Reused	m ³	177,123	148,396	143,584
Total and Percentage of Water Recycled and Reused	%	15.63	14.05	13.26
Total Volume of Water Discharges	m ³	890,261	690,705	588,944
Percent of Wastewater Recycled	%	15.74	20.89	22.78

Water Intensity

Disclosure	Unit	2024	2025
Water intensity	m ³ per million Php revenue	68.71	87.16

In 2025, SPI recorded a slight increase in water consumption to 1.08 million m³, reflecting higher activity across our developments. This resulted in an increase in water intensity to 87.16 m³ per million Php revenue, indicating higher water use relative to revenue during the year. Water recycled and reused declined by 13.26%, largely due to increased demand for fresh water to support operations.

However, we improved how we manage wastewater. The share of wastewater recycled increased to 22.78%, while total water discharge decreased to 588,944 m³. These results show that even as our operations grow, we continue to strengthen our water management practices and improve efficiency in wastewater treatment.

OUR MANAGEMENT APPROACH WATER STEWARDSHIP

We implement proactive measures across our operations through regular maintenance of water supply valves, the installation of water-efficient fittings, and the use of rainwater for non-potable applications. The Company also conducts water audits to guide business strategies that strengthen our water security efforts. Our Pollution Control Officer (PCO) oversees water consumption, supervises wastewater discharge, and ensures the proper operation of our wastewater storage systems.

SPI also engages tenants, customers, and regulatory agencies to raise awareness of sustainable water management practices and support their adoption. Through these efforts, we help build a community that recognizes the importance of water conservation.

Air Emissions

In response to growing global efforts to reduce carbon footprints, SPI continues to integrate responsible emissions management into our operations. We recognize that addressing emissions is critical to protecting human health, safeguarding natural ecosystems, and helping mitigate the effects of a warming climate.

GHG Emissions

Disclosure	Unit	2023	2024	2025
Direct (Scope 1) GHG Emissions	Tonnes CO ₂ e	3,914	546,909.72	639,091.64
Energy indirect (Scope 2) GHG Emissions	Tonnes CO ₂ e	74,358	55,616.97	61,386.97

*FY 2024 Scope 1 data has been restated to reflect updated and corrected figures.

GHG Emissions Intensity

Disclosure	Unit	2024	2025
GHG emissions intensity	Metric tons CO ₂ e per million Php revenue	39.18	56.36

*FY 2024 data has been restated to reflect updated and corrected figures.

Air Pollutants

Disclosure	Unit	2023	2024	2025
NOX	kg	N/A	N/A	N/A
SOX	kg	N/A	N/A	N/A
Persistent Organic Pollutants (POPs)	kg	N/A	N/A	N/A
Volatile Organic Compounds (VOCs)	kg	N/A	N/A	N/A
Hazardous Air Pollutants (HAPs)	kg	N/A	N/A	N/A
Particulate Matter (PM)	kg	N/A	N/A	N/A

In 2025, SPI recorded a significant increase in direct (Scope 1) greenhouse gas emissions. This increase is primarily driven by higher reported fuel consumption, particularly from LPG and diesel, in line with expanded operational and construction activities across the Company. For 2025, Scope 1 emissions were calculated using the latest available emission factors at the time of reporting, specifically 0.0693 tCO₂e/GJ for gasoline, 0.0741 tCO₂e/GJ for diesel, and 0.0631 tCO₂e/GJ for LPG, resulting in updated emissions estimates.

Indirect (Scope 2) emissions from purchased electricity increased moderately to 61,386.97 tCO₂e, reflecting relatively stable electricity consumption across properties. Similarly, Scope 2 emissions in 2025 were calculated using the latest available Philippine grid emission factor of 0.57 kg CO₂e/kWh, which contributed to the year-on-year change in reported emissions. As a result, GHG emissions intensity increased to 56.36 metric tons CO₂e per million Php revenue, reflecting higher emissions relative to the Company's economic output.

It is important to note that air emissions from standby generator sets were not measured for this year, in accordance with Department of Environment and Natural Resources (DENR) Memorandum Circular No. 2022-03, which no longer requires such monitoring for standby generators.

Overall, the Company's emissions profile in 2025 reflects the impact of operational growth, particularly in fuel-intensive activities, alongside continued efforts to manage electricity use efficiently. SPI continues to enhance its emissions accounting approach by applying updated emission factors and improving data accuracy to support more effective carbon management strategies.

OUR MANAGEMENT
APPROACH
**CARING FOR
OUR PLANET**

The organization works to reduce air pollution across its operations by ensuring that all equipment complies with environmental standards and regulations, including the Clean Air Act (Republic Act No. 8749). Our Pollution Control Officer conducts regular equipment assessments that include testing and overseeing the maintenance and repair of heavy industrial machinery. Any equipment that no longer meets environmental standards and regulations is immediately retired from use. Several of our properties have also adopted emission reduction measures to lessen our environmental impact. At Shangri-La The Fort, optimization of the chilled water systems has resulted in emission reductions of about 1,100 tCO₂e each year.

Across our subsidiaries, fuel and electricity consumption are monitored to improve carbon efficiency, while tree-planting initiatives support our carbon offset efforts. The company also continues to explore additional ways to control pollution by assessing new technologies and systems that may be applied in our operations.

FEATURE STORY

**Elevating
the Art
of Living**

Shang Properties incorporates climate-conscious design in its residential high rises, carefully considering the country’s long dry season and tropical heat. The use of high ceilings and open layouts not only adds to the sense of space and luxury but also improves air circulation, helping residents stay cool and comfortable during hot days. Cross-ventilation features are employed to minimize the reliance on air conditioning, while open floor plans let in plenty of natural light and maximize ventilation.

Biophilic design is evident in Shang Properties’ developments, with the integration of indoor greenery to improve air quality and promote relaxation and well-being. Outdoor common areas are designed with lush gardenscapes and water features, providing residents with a calming, resort-like atmosphere. Balconies and large windows add to the airy layout and encourage a connection with nature within the living space.

Additional features such as smart shading systems, UV-reflective glass, and insulated windows help keep interiors cool without compromising natural light. These design and amenity choices, as showcased in properties like Shang Bauhinia Residences and Laya by Shang Properties, reflect the developer’s attention to environmental factors and commitment to creating comfortable homes suited for tropical living.

SPI continues to strengthen its sustainability efforts through a partnership with ACEN Renewable Energy Solutions to power the common areas of the St. Francis Shangri-La Place with 100% renewable energy. By transitioning to renewable power, the development will reduce its emissions by around 2,200 tCO₂e while supporting more sustainable urban living. The initiative reflects the Company's ongoing commitment to building communities that balance comfort, innovation, and environmental responsibility.

Solid and Hazardous Wastes

SPI recognizes that improper management of solid and hazardous wastes can significantly affect the environment and surrounding communities. Because of this, we place importance on protecting the health and wellbeing of our external stakeholders and supporting efforts to reduce land and water pollution within the communities where we operate.

Disclosure	Unit	2023	2024	2025
Total Solid Waste Generated	kg	5,117,882	55,827,719	9,547,747
Reusable	kg	0	0	0
Recyclable	kg	854,337	1,817,567	247,983
Composted	kg	277,110	176,954	17,797
Incinerated	kg	0	0	0
Residuals / Landfilled	kg	2,476,820	52,207,267	923,125
Total and percentage of waste recycled reused	kg	854,337	1,817,567	247,983
	%	16.69%	3.26%	2.60%
Total Weight of Hazardous Waste Generated	kg	65,732	41,100	26,393
Total Weight of Hazardous Waste Transported	kg	88,873	37,392	31,586

Solid Waste Intensity

Disclosure	Unit	2024	2025
Solid waste intensity	Metric tons per million PHP revenue	3,630.60	768.30

The significant decrease in total solid waste generated for FY 2025 is primarily attributable to the reduced number of events conducted during the year. Compared to 2024, which recorded peak waste generation driven by heightened project implementation and operational activities, 2025 reflects a more moderated level of operations, resulting in lower overall waste output. This is further reflected in the substantial improvement in solid waste intensity, which decreased to 768.30 metric tons per million PHP revenue from 3,630.60 in 2024, indicating a more efficient level of waste generation relative to the Company's economic output.

Residual or landfilled waste continued to comprise the largest share of total waste generated, although this also decreased substantially in line with reduced activity levels. Similarly, recyclable and composted waste volumes declined, reflecting lower material throughput from both construction sites and event-related activities.

Despite the overall decrease, SPI continues to promote responsible waste management practices across its operations. The Company aims to further strengthen its waste diversion strategies and enhance recycling and recovery initiatives, particularly as construction activities and events scale up in succeeding periods.

**OUR MANAGEMENT
APPROACH
RETHINKING
WASTE**

To improve waste management across our subsidiaries, we use a Waste Data Collection System (WDACS) that tracks waste generation and ensures proper disposal practices. Our Pollution Control Officer oversees all waste management activities to ensure the company complies with environmental laws and industry standards. We also work with certified waste disposal providers who assist in handling and disposing of waste materials properly. In addition, the organization runs paper reduction programs, including paperless check-in systems and the recycling of outdated printed materials.

Environmental Compliance

To remain informed about evolving environmental standards, SPI works closely with regulatory bodies and industry partners. These efforts support our commitment to creating a lasting and positive impact on the environment while upholding strict environmental compliance as a leading business in the Philippines, ensuring our operations align with regulatory requirements and industry best practices.

Disclosure	Unit	2023	2024	2025
Total Amount of Monetary Fines for Non-Compliance with Environmental Laws and / or Regulations	PHP	0	0	0
No. of Non – Monetary Sanctions for Non-Compliance with Environmental Laws and / or Regulations	#	0	0	0
No. of Cases Resolved through Dispute Resolution Mechanism	#	0	1	0

SPI recorded zero monetary fines and non-monetary sanctions related to non-compliance with environmental laws and regulations in 2025, consistent with prior years. This reflects the Company’s continued adherence to environmental regulatory requirements and effective management of environmental risks and obligations.

OUR MANAGEMENT APPROACH BEYOND COMPLIANCE

We use an established environmental management system to follow all environmental laws, regulations, and standards that apply to our organization. The company employs a full-time Pollution Control Officer who oversees compliance activities and ensures that all regulatory obligations are met.

SPI also works with external experts to stay informed about evolving sustainability reporting requirements, including those related to the upcoming SuRe Form that will require climate-related financial disclosures. Compliance with environmental regulations remains a priority for the company, as it reflects our commitment to responsible business practices and supports our role as a responsible industry leader.



SOCIAL

Diversity, Equal Opportunity, & Anti-Discrimination

As SPI believes that an inclusive workplace benefits both employees and the organization, diversity and equal opportunity are important to the Company. We value and celebrate the diverse skills, experiences, and opinions our employees bring, believing that diverse teams create better opportunities and improved performance. By encouraging an atmosphere that values diversity and individuality, we promote inclusivity and respect for all employees and a work environment where people from diverse backgrounds feel respected, valued, and empowered.

Disclosure	Unit	2023	2024	2025
% of Female Workers in the Workforce	%	45	46	47
% of Male Workers in the Workforce	%	55	54	53
Number of Employees from Indigenous Communities and/or Vulnerable Sector	#	42	42	42

*FY 2024 data has been restated to reflect correct percentage computation

In 2025, SPI continued to strengthen gender representation in its workforce, with female employees increasing to 47%, reflecting a 1% improvement from the previous year. This steady progress highlights the Company's ongoing efforts to close the gender gap and promote a more balanced workforce through equal opportunities for growth and advancement.

SPI remains committed to fostering an inclusive workplace by supporting diversity across all employee groups. The Company continues to employ individuals from indigenous communities and vulnerable sectors, reinforcing its dedication to building a diverse, equitable, and respectful work environment for all.

Human Resources Policies

Shang Properties is committed to maintaining a healthy and safe working environment for all employees. No form of harassment, bullying, or improper behavior is tolerated by the Company, and it continues to maintain a zero-tolerance policy towards any form of improper behavior. SPI strives to achieve a workplace culture that reflects high standards of professionalism, dignity, and respect for all. This is achieved by adherence to its Code of Conduct and Disciplinary Procedures that set out the steps and procedures to be followed in relation to complaints of any improper behavior. Our stance is in line with the Philippine laws of the Safe Spaces Act, Anti-Sexual Harassment Act, Anti-Violence Against Women and Their Children Act, and a drug-free workplace policy to ensure employees are in a healthy state and are safe while at work.

OUR MANAGEMENT APPROACH PATH TO INCLUSION

SPI is committed to maintaining an unbiased workplace that upholds equal opportunity hiring practices. A strict policy prohibits all forms of discrimination, including those based on protected characteristics such as race, color, religion, sexual orientation, and other traits protected by law. Recruitment and employment processes comply with all labor laws and regulations issued by the Department of Labor and Employment (DOLE).

Furthermore, anti-discrimination, anti-harassment, and human rights practices are carried out in accordance with the SPI Code of Conduct and Business Ethics. Through equal opportunity practices and continued efforts to prevent discrimination, the company seeks to attract highly skilled workers and build trust with its stakeholders.

RISK MANAGEMENT

Identification of climate- and sustainability-related risks

The risks associated with the business carried out by SPI are managed in a stable and responsible manner. The Company's Enterprise Risk Management System (ERMS) Policy and other internal policies and procedures are the basic elements that guide the activities of identifying, evaluating, and controlling the risks that may affect the Company's performance.

Through this framework, SPI integrates relevant risks into its management processes and decision-making practices. This approach supports the Company in strengthening operational resilience while advancing responsible and sustainable business practices across its operations.

Assessment and prioritization of climate- and sustainability-related risks

SPI's Board of Directors (BOD) conducts an annual review of the Company's risks and evaluates its internal control framework, which covers the following key areas: (i) setting objectives and budgets, (ii) maintaining regular financial reporting, with focus on monitoring variances between actual performance and approved budgets or targets, (iii) delegating authority, and (iv) establishing clear lines of accountability.

Monitoring of climate- and sustainability-related risks

Once these risks are identified, the Company monitors and manages these through a focused approach:

Risk Type	Management
Strategic	The BOD reviews the Company's business strategies, objectives, and the budget required to support their implementation. In line with this, the Executive Director oversees the operations of individual business units, reviews and approves strategic plans, sets performance targets, and guides the design and implementation of internal controls.
Operational	Management of operational risks is handled by the Company's management in accordance with policies approved by the Board. To support clear delegation of roles and responsibilities, the Company maintains a well-defined organizational structure that establishes clear levels of accountability across its business units.
Compliance	Relevant business departments also carry out a management compliance process to identify and address applicable requirements. Management teams regularly assess compliance to ensure that the Company adheres to all relevant laws and regulations, including those related to environmental protection, employee health and safety, security and disaster preparedness, as well as local tax and statutory obligations.

Occupational Health & Safety

Occupational Health and Safety (OHS) is our top priority. SPI is committed to protecting the health and safety of our workers, contractors, and partners in all workplaces. Knowing the nature of our activities in construction, maintenance, repair, and property management entails inherent risks; appropriate protection measures and work management practices have to be implemented to manage potential workplace hazards. The OHS management process enables the Company to ensure that statutory requirements are met and that employee safety and awareness are enhanced with good working practices on sites.

Disclosure	Unit	2023	2024	2025
Safe Man-Hours	Man-Hours	850,250	585,200	669,741
No. of Work-Related Injuries	#	11	0	0
No. of Work-Related Fatalities	#	0	0	0
No. of Work-Related Ill-Health	#	4	0	0
No. of Safety Drills	#	519	789	582

*FY 2024 data has been restated to reflect correct percentage computation.

In 2025, SPI recorded a 14% increase in safe man-hours, reflecting improved workforce stability and continued operational activity. The Company maintained its strong safety performance, with zero work-related injuries, fatalities, and ill-health cases for the year.

SPI conducted 582 safety drills in 2025, reflecting a more structured and effective approach to safety preparedness across operations. The decrease from the previous year is attributed to the implementation of the Technical Engineering Group's (TEG) updated standard, which emphasizes a "quality over quantity" approach, requiring a minimum of two properly executed safety drills per month per property. This ensures that all drills are conducted in accordance with established procedures and deliver meaningful outcomes, supporting a safe and secure working environment by the Company for its employees.

OUR MANAGEMENT
APPROACH
**FOSTERING
A SAFER
WORKPLACE
CULTURE**

SPI maintains an Occupational Health and Safety Management System that meets ISO 45001:2018 standard, reflecting its commitment to a safe and secure workplace. The company also runs a comprehensive Occupational Health and Safety program that supports compliance with all applicable OHS laws, as well as internal Codes of Conduct and guidelines aligned with our Zero Accident Vision.

The Company places strong emphasis on identifying and managing potential workplace OHS risks. Employees receive ongoing learning opportunities covering OHS and EHS topics. The safety program includes annual Fire Safety Seminars, Fire Evacuation Drills, and Earthquake Drills. Employees are also encouraged to undergo regular physical examinations and executive health assessments, with anti-flu and other vaccinations made available.

These OHS initiatives help maintain a workplace that supports employee safety and health while promoting a responsible work environment valued by clients who uphold ethical business conduct. SPI continues to comply with legal and regulatory requirements to safeguard the health and safety of workers, contractors, and stakeholders across all business activities.

Supply Chain Management

At SPI, sustainability is integrated into our Supply Chain Management (SCM) processes to support responsible sourcing and business continuity. We engage with suppliers and contractors to improve and sustain supply chain practices while addressing environmental and operational issues. To ensure the timely execution of our projects and the effective utilization of resources, we are developing a more reliable supply chain. We understand that a properly managed supply chain enhances business relationships with suppliers, improves project execution, and ultimately creates value for our employees, partners, and shareholders.

Sustainability Topics when Accrediting Suppliers

Disclosure	2023	2024	2025
Environmental Performance	✓	✓	✓
Forced Labor	✓	✓	✓
Child Labor	✓	✓	✓
Human Rights	✓	✓	✓
Bribery and Corruption	✓	✓	✓

Referenced in Company Policy: Section 6.15.1 of DP-SPI-PROC 1.1 Vendor Accreditation Process and Section 5 of the Supplier Code of Conduct.

To ensure responsible procurement, it is a requirement for all suppliers to comply with the SPI Supplier Code of Conduct and to follow the Company Vendor Accreditation Procedure. The principles of this Code of Conduct encompass sustainable environmental management, respect for human rights, and prohibition of forced and child labor, as well as an absolute prohibition of bribery and corruption. As a result, our procurement processes promote a supply chain that enables the principles of good ethics, cooperation, and sustainable creation of value for the Company as well as for our stakeholders.

Sustainability Accreditation Policy

Annex 1: Vendor Accreditation Procedure

Annex 2: Supplier Code of Conduct

Disclosure	Unit	2023	2024	2025
Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers	%	98.00	98.00	98.00

The Company still sourced 98% of the materials required during FY 2025. The remaining 2% was used for Microsoft 365 digital service provided by the Company’s Hong Kong affiliates. The Company upholds local purchasing as a core principle. Not only does this benefit the local economy, but it is also more environmentally friendly. SPI believes this approach helps strengthen the environmental integrity of its supply chains. It also supports the growth of local enterprises while reducing the environmental footprint associated with sourcing supplies from abroad.

OUR MANAGEMENT APPROACH RESPONSIBLE SOURCING

SPI recognizes that responsible sourcing practices and business operations both support the Company’s goal of building a sustainable future. This commitment is reflected in our full compliance with the requirements set out in the SPI Supplier Code of Conduct.

We uphold a sustainable supply chain by enforcing requirements related to legal compliance, product quality, business ethics, labor standards, environmental protection, anti-corruption, data security, and intellectual property rights protection. Our Procurement team selects suppliers that exceed these requirements and continues to work with them to monitor ongoing compliance. These partnerships help build a sustainable supply chain and reflect our commitment to responsible and sustainable practices.

Customer Privacy and Data Security

Customers expect their privacy to be respected, especially as more information is shared and stored electronically. As the business expands, the need to properly manage data also increases to protect customer information, prevent potential risks that may arise in the future, and avoid possible judicial, financial, or reputational issues. With effective and proper data protection, SPI can enhance the trust it enjoys with customers and be in a position to create a solid basis for long-term customer relations.

Disclosure	Unit	2023	2024	2025
No. of Substantiated Complaints on Customer Privacy	#	0	0	0
No. of Complaints Addressed	#	0	0	0
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0	0
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0	0

Our company was successful in keeping the number of recorded customer personal information security breaches to zero. SPI's continued commitment to maintaining high standards of privacy protection reflects the Company's proactive approach to safeguarding sensitive customer information.

OUR MANAGEMENT APPROACH COMMITMENT TO PRIVACY AND SECURITY

The Data Privacy Officer at SPI ensures compliance with the Data Privacy Act of 2012 (RA 10173) and all relevant data privacy and security laws and regulations. SPI also maintains an internal data privacy management system to safeguard essential information. To protect our IT environment, we conduct regular independent vulnerability assessment and penetration testing (VAPT), carry out annual internal and external security audits, and maintain routine backups and antivirus updates.

SPI also provides employee training programs along with ongoing privacy and data security awareness initiatives to strengthen understanding of customer privacy protection and proper data handling. Additional training programs have been introduced to improve the organization's ability to prevent data breaches, cyber-attacks, and data loss incidents. Data privacy and security remain a priority for the Company as we continue protecting customer information while ensuring compliance with all regulatory requirements.

EMPLOYEE WELFARE

Employee Hiring and Benefits

At SPI, we aim to attract and retain qualified individuals for the implementation of Company projects and achieving our goals. Through the effective recruitment process, we ensure that the employees contribute to the maximization of operational efficiency and to the progress of its activities. SPI also strives for the capability and flexibility to meet the demands of the labor market and to ensure the stability of the Company in the future.

Disclosure	Unit	2023	2024	2025
Total Number of Employees	#	783	1,092	1,143
a. Number of Female Employees	#	354	500	537
b. Number of Male Employees	#	429	592	606

Disclosure	Unit	FEMALE	MALE
Total number of board of directors, by gender	#	4	6
Total number of senior management employees, by gender	#	41	50
Total number of middle management employees, by gender	#	211	232
Total number of rank-and-file employees or staff, by gender	#	285	324

Percentage of Employees Availing the Benefits

Disclosure	2023	2024	2025	
			FEMALE	MALE
SSS	✓	✓	48.94%	54%
PhilHealth	✓	✓	43.92%	50%
PAG - IBIG	✓	✓	42.98%	52%
Parental Leaves	✓	✓	2.05%	2%
Vacation Leaves	✓	✓	99.76%	99%
Sick Leaves	✓	✓	98.11%	86%
Medical Benefits (Aside from PhilHealth)	✓	✓	100%	100%
Retirement Fund (Aside from SSS)	✓	✓	0.47%	2%
Flexible – Working Hours	✓	✓	40.97%	49%

In 2025, SPI's workforce grew by 5% to 1,143 employees, reflecting continued expansion. Gender representation remained relatively proportionate across all levels, particularly in middle management and rank-and-file roles, where female participation continued to be well represented.

SPI continues to provide both government-mandated and company-sponsored benefits to all employees. In 2025, a substantial proportion of employees availed of statutory benefits, while company-sponsored programs such as medical benefits and leave entitlements saw consistently high utilization. Overall, these trends reflect SPI's commitment to supporting employee well-being while sustaining an inclusive and growing workforce.

OUR MANAGEMENT APPROACH CULTURE OF CARE

The Labor Code of the Philippines governs all employment practices, including hiring procedures and employee benefit programs followed by SPI. The Company provides health insurance, retirement plans, and paid leave as part of a competitive benefits package that complies with these requirements. Employees and their dependents are protected through an insurance package that includes accident, critical illness, life, medical, and hospitalization coverage.

Regular updates from the health partners and service providers keep the employees informed about health and medical matters. SPI also encourages employees to undergo annual executive check-ups and physical examinations while organizing recreational activities that help strengthen teamwork and social connections outside the workplace.

SPI recognizes that employees need time away from work to attend to personal and family responsibilities, therefore the Company provides leave benefits to support these needs. A structured retirement plan offers financial security for full-time employees when they leave the company, and medical coverage extends to both regular and confirmed project-based employees. Through these programs and practices, SPI supports a work environment that helps employees maintain their physical and mental well-being.

Employee Training and Development

Shang Properties' goal is to achieve continuous learning and employee development through training and developmental programs that enhance employees' skills and performance. Training is carried out based on the needs assessment, which is linked to the Company's business requirements. SPI aims to enhance the quality of its services by developing employees' skills.

Disclosure	Unit	2023	2024	2025
Total Training Hours Provided to Employees				
a. Female Employee	Hours	9,796	3,572	5,747
b. Male Employee	Hours	13,805	4,260	5,785
Average Training Hours Provided to Employees				
a. Female Employees	Hrs/Employee	60.50	21.4	10.70
b. Male Employees	Hrs/Employee	82.50	18.4	9.55

*FY 2024 data has been restated to reflect correct training hours

In 2025, SPI increased its total training hours provided to employees, reflecting renewed investment in employee development. Female employees recorded 5,747 training hours, while male employees logged 5,785 hours, indicating a more balanced distribution of learning opportunities across genders. This includes both self-paced and instructor-led training programs, as well as in-house initiatives such as team building and leadership development activities.

Despite the increase in total training hours, average training hours per employee declined to 10.70 hours for female employees and 9.55 hours for male employees. This trend reflects the growth in workforce size, resulting in training hours being distributed across a larger employee base.

During the year, SGCPI implemented a range of targeted programs, including Shang Care 1 (refresher on Shang Culture), Radical Candor and Extreme Ownership training/team building, and Trainer Skills courses, alongside a Leadership Transformation Workshop for L2 and L3 employees. Training on problem handling and sexual harassment prevention were also integrated into the New Core Orientation (NCO) program. In addition, there was an increase in participation in self-paced courses through Shang Academy, further contributing to total training hours.

Overall, the Company remains committed to building employee capabilities by providing continuous and diverse learning opportunities that support both individual development and organizational growth

OUR MANAGEMENT APPROACH NURTURING TALENT

SPI provides equal access to competency training programs and leadership development initiatives. The Company also allocates sufficient resources for digital learning, coaching, and mentoring programs so employees can develop the skills needed for today’s work environment.

The strategic training plan sets the direction for improving training programs and aligns them with existing company policies. The Human Resources Department works closely with department leaders to oversee program implementation and review results to ensure these initiatives support business needs and employee growth. Assessments and performance monitoring are also used to evaluate the effectiveness of training programs.

In 2025, SPI continued to conduct several key training initiatives, including leadership development workshops, technical skills training, and the use of digital learning platforms to support continuous learning. The Company also prioritized compliance and industry-specific training to meet regulatory standards and maintain strong operational practices. These programs help employees stay informed about industry developments and best practices, improve job performance, and gain new skills that support career growth while strengthening SPI as an organization.

Labor Standards and Human Rights

SPI promotes fair labor practices and respect for human rights across its operations. The Company follows applicable laws and standards to prevent discrimination, unfair treatment, and other labor-related issues. These principles extend to suppliers and the communities where SPI operates, helping strengthen responsible business practices and accountability across its value chain.

Disclosure	Unit	2023	2024	2025
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0	0

Policies

Our Company upholds high ethical standards through policies that prohibit violations of labor laws and human rights. These principles are outlined in our Code of Business Conduct and Ethics, which guides responsible and fair practices across its operations.

Code of Business Conduct and Ethics, Procurement Department DP-SPI-PROC 1.8 Number 6.15:<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	2025	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 reported no incidents of forced or child labor and human rights violations for the year. Our Code of Business Conduct and Ethics explicitly prohibits human rights abuses, including forced and child labor. SPI's business practices are guided by these principles, and we continue to embrace the standards of corporate responsibility and ethics.

**OUR MANAGEMENT
APPROACH
RIGHTS
AT WORK**

Compliance with the requirements of DOLE is supported through our Code of Business Conduct and Ethics and related company policies. SPI has also set up a formal procedure that allows employees to raise concerns while enabling management to address issues through structured processes and surveys that ensure employee feedback receives proper attention.

We conducted seminars complemented by orientation programs and the distribution of policies via email to enhance awareness of labor standards and human rights. The Company also intends to organize further initiatives on these topics to promote active engagement among employees and stakeholders. These efforts contribute to fostering a transparent work environment and underscore our commitment to upholding responsible labor practices.

CUSTOMER EXPERIENCE

Customer Satisfaction

Customer satisfaction is a crucial factor at every stage of planning, design, construction, and delivery of our real estate projects at SPI. It enhances our reputation, helps us in achieving our business objectives, and fosters strong bonds with our customers, thereby giving us an edge in the highly competitive real estate sector while enabling us to maintain the high levels of service we offer.

Disclosure	Unit	2023	2024	2025
Did a Third Party Conduct the Customer Satisfaction Study?	%	Yes	Yes	Yes
Customer Satisfaction Score	%	89.00	90.76	91.46

Customer Health and Safety

Disclosure	Unit	2023	2024	2025
No. of Substantiated Complaints on Product or Service Health and Safety	#	4,798	4,825	4,588
No. of Complaints Addressed	#	4,798	4,825	4,588

Throughout the year, SPI continued to prioritize customer satisfaction and the health and safety of its customers. Customer satisfaction improved to 91.46% in 2025, based on third-party assessments, reflecting our Company's ongoing efforts to enhance service quality.

In terms of customer health and safety, the number of substantiated complaints declined to 4,588. We maintained our commitment to addressing 100% of these concerns, reinforcing our consistent and responsive approach to customer feedback while sustaining high satisfaction levels.

**OUR MANAGEMENT
APPROACH
RAISING
THE BAR**

SPI manages customer health and safety impacts through two main actions: obtaining relevant certifications and designating health and safety officers across all subsidiaries. The Company also carries out preventive maintenance for its facilities and equipment while providing training and awareness programs that address employee concerns and monitor customer feedback through the complaints management system.

Customer satisfaction is included as a key component of SPI’s Revised Manual on Corporate Governance. The Customer Relations Unit (CRU) leads these initiatives and works closely with different departments to improve services based on customer insights. Several monitoring approaches are used, including customer satisfaction surveys, telephone hotlines, and social media platforms that collect feedback and help address customer concerns.

Addressing complaints and concerns remains an important part of SPI’s commitment to responsible practices and quality customer service. By taking time to understand and resolve issues, we improve our operations while providing a better experience for our valued guests.

FEATURE STORY

**A Class of
Its Own:
Shang
Properties
and the
Strength of
True Luxury**

Amid changing dynamics in the Philippine real estate market, the luxury residential segment continues to show strong demand. Shang Properties, Inc. remains a key player through developments such as Aurelia Residences, Shang Summit, and Shang Bauhinia Residences, reflecting the Company’s signature “luxury hotel DNA” that combines refined design, quality service, and carefully planned living spaces.

Each development highlights the Company’s focus on quality and location. Aurelia Residences in Bonifacio Global City offers spacious homes designed for sophisticated urban living, while Shang Summit in Quezon City is set to become one of the tallest residential towers in the country. Meanwhile, Shang Bauhinia Residences in Cebu City marks the Company’s expansion beyond Metro Manila, bringing luxury living to a key regional hub.

As demand for high-end properties continues to grow, Shang Properties remains focused on delivering developments that offer lasting value. With strong design standards and strategic locations, the Company continues to shape the future of luxury residential living in the Philippines.

The Company also continues to show how real estate can shape meaningful Filipino stories through thoughtfully designed homes and communities. By working with world-renowned architects and designers, we create developments that combine global standards with elements inspired by local culture.

Our projects integrate natural materials, greenery, and indoor-outdoor spaces to create refined yet welcoming environments. Through these carefully crafted residences, SPI provides spaces where families can create lasting memories and meaningful lives.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

ECONOMIC



Php 243.4M

Taxes paid



Php 72.8M

Investments to community



1,143

Total no. of organic employees

Material Topic/Disclosure: Economic Performance

As a key player in the Philippine property market, SPI supports sustainable development by creating jobs, contributing to government tax revenues, building strong partnerships with suppliers, investing in communities through donations, and pursuing meaningful corporate social responsibility initiatives.

ENVIRONMENT



3,955,566.00 kWh

Electricity savings



143,584 m³

Waste Recycled



143,584 m³

Wastewater Recycled

Material Topics: Resource Management, Environmental Impact Management, Environmental Compliance

The environment is a vital partner that provides the resources needed to support our business operations. At SPI, we recognize the importance of managing these resources responsibly, and the Company integrates new technologies and responsible material, water, and energy management practices to support a more sustainable and circular economy.

SOCIAL



669,741

Safe man-hours



582

No. of Safety drills



537

Female workers in the workforce



0

Work-related fatalities



11,532

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 in the Philippines, SPI recognizes its responsibility to provide a safe and healthy working environment for employees, customers, and other stakeholders. The Company strictly complies with applicable labor laws and regulations issued by the Department of Labor and Employment (DOLE) and other relevant government agencies. SPI also values diversity and believes that the Company performs better in an inclusive workplace. The Company promotes a safe and welcoming environment where individuals of all genders, ethnicities, backgrounds, sexual orientations, and beliefs are treated with respect.

ANNEX 1



Policy Title: Vendor Accreditation Procedures	Attachments: Annex A- Vendor Accreditation Process
Policy No.: DP-SPI-PROC 1.8	Cross Reference: Purchase Requisition to Purchase Order Procedure DP-SPI-PROC 1.1
Page: 1 of 19	Last Update: 30 April 2021
Distribution List: Recipients (ALL Employees)	Effective Date: 01 August 2024
Prepared by: Lenie M Parto, Assistant Procurement Manager	<i>[Signature]</i>
Reviewed by: Aldous P Licup, Senior Procurement Manager	<i>[Signature] 3/12/21</i>
Concurred by: Rajeev Garg, VP-Finance	<i>[Signature]</i>
Approved by: Wolfgang Krueger, Executive Director	<i>[Signature]</i>

1. PURPOSE AND SCOPE

1.1. Purpose: To ensure that the vendors for goods and services who wish to do business with the Shang Properties Inc. are duly accredited in terms of compliance with legal, financial requirements and technical competency and to establish inter-department representation to Vendor Accreditation Committee (VAC).

1.2. Scope: This procedure is applicable to all Shang Properties employees and shall be observed at all business units including Administrative-Related or Non-Projects purchases of the Projects Group Division.

This accreditation process shall cover all vendors of goods and services excluding the following:

- a. Authorized dealers/distributors of motor vehicles.
- b. Three (3) largest oil companies in the Philippines and their authorized dealers.
- c. Government accredited agencies or institution
- d. Pharmaceutical companies or its authorized distributors/dealers such as Mercury Drug Stores and their vaccine authorized dealers
- e. Foreign principals or suppliers
- f. Vendors which supply special items which are purchased thru petty cash from stores located at Divisoria, Binondo, etc.
- g. Kuok affiliates/subsidiaries
- h. Broadcast/Media Network
- i. Law, Accounting, Audit Firms, and other Professional Fees
- j. Non-profit and Charitable Institutions
- k. Top 10 Insurance Companies



Policy Title: Vendor Accreditation Procedures	Attachments: Annex A- Vendor Accreditation Process
Policy No.: DP-SPI-PROC 1.8	Cross Reference: Purchase Requisition to Purchase Order Procedure DP-SPI-PROC 1.1
Page: 2 of 19	Last Update: 30 April 2021
Distribution List: Recipients (ALL Employees)	Effective Date: 01 August 2024
Prepared by: Lenie M Parto, Assistant Procurement Manager	<i>[Signature]</i>
Reviewed by: Aldous P Licup, Senior Procurement Manager	<i>[Signature]</i> 7/17/24
Concurred by: Rajeev Garg, VP-Finance	<i>[Signature]</i>
Approved by: Wolfgang Krueger, Executive Director	<i>[Signature]</i>

- l. Hotels and resorts, restaurants and food chains, Wine Cellars and Dealers, Training or seminar venues and exclusive Membership Club
- m. Government Agencies, Cooperatives and Associations
- n. Hospitals, Dental and Optical Clinics, Medical Laboratories, Mobile Clinics
- o. Utility Companies (Electric, Water, and Gas)
- p. Banks
- q. Newspaper or Publishing companies
- r. Telecom companies
- s. SPI Mall Tenants
- t. Travel Agencies
- u. Garbage Haulers
- v. Top 100 companies in the Philippines declared by Securities and Exchange Commission (SEC).As support document, vendors belonging to Top 100 companies shall be required to submit SEC Certificate of Top 100 listing the name of the vendor.
- w. Spot Purchase less than 3,000.00 PHP. (Petty Cash)
- x. Vendors with less than Fifteen (15) Purchase Orders and not more than PHP 300,000.00 of annual cumulative purchase.
- y. One time/ Emergency Purchase. However, for Emergency purchase worth >PHP 300K accreditation should commence parallel or right after issuance of Purchase Order (PO).

1.3. Support Document: Approved Delegation of Authority (DOA)



Policy Title: Vendor Accreditation Procedures	Attachments: Annex A- Vendor Accreditation Process
Policy No.: DP-SPI-PROC 1.8	Cross Reference: Purchase Requisition to Purchase Order Procedure DP-SPI-PROC 1.1
Page: 3 of 19	Last Update: 30 April 2021
Distribution List: Recipients (ALL Employees)	Effective Date: 01 August 2024
Prepared by: Lenie M Parto, Assistant Procurement Manager	<i>[Signature]</i>
Reviewed by: Aldous P Licup, Senior Procurement Manager	<i>[Signature]</i> 7/17/24
Concurred by: Rajeev Garg, VP-Finance	<i>[Signature]</i>
Approved by: Wolfgang Krueger, Executive Director	<i>[Signature]</i>

2. RESPONSIBILITIES

- 2.1. The VP Finance is responsible for ensuring this procedure is complied with at all Company Divisions of Shang Properties Incorporated and its Subsidiaries.
- 2.2. Responsibility for defining, updating, and maintaining the process lies with the Senior Procurement Manager.
- 2.3. Procurement shall be responsible in consolidation of all vendor pre-qualification/accreditation documents from rating up to issuance of vendor accreditation certificate.

3. REFERENCED DOCUMENTS

- 3.1. DP-SPI PROC 1.1 PR to PO Procedure
- 3.2. DP-SPI PROC 1.8F9 Vendor Information Sheet (VIS)
- 3.3. DP-SPI PROC 1.8F10 Vendor Accreditation Request Form (VARs)
- 3.4. DP-SPI PROC 1.8F11 Vendor Accreditation Ocular Inspection Sheet (VOIS)
- 3.5. DP-SPI PROC 1.8F12 Vendor Accreditation Certificate
- 3.6. DP-SPI PROC 1.11 Business Ethics on Vendor Engagement
- 3.7. DP-SPI PROC 1.8F15 Non-Disclosure Agreement Form
- 3.8. DP-SPI PROC 1.3 Exemption from Bidding & Canvassing Procedure
- 3.9. Delegation of Authority (DOA) approved by the Chairman of the Board
- 3.10. Third Party Assessment Report

4. MATERIALS AND EQUIPMENT: N/A

5. SAFETY: N/A



Policy Title: Vendor Accreditation Procedures	Attachments: Annex A- Vendor Accreditation Process
Policy No.: DP-SPI-PROC 1.8	Cross Reference: Purchase Requisition to Purchase Order Procedure DP-SPI-PROC 1.1
Page: 4 of 19	Last Update: 30 April 2021
Distribution List: Recipients (ALL Employees)	Effective Date: 01 August 2024
Prepared by: Lenie M Parto, Assistant Procurement Manager	<i>[Signature]</i>
Reviewed by: Aldous P Licup, Senior Procurement Manager	<i>[Signature]</i> 07/10/24
Concurred by: Rajeev Garg, VP-Finance	<i>[Signature]</i>
Approved by: Wolfgang Krueger, Executive Director	<i>[Signature]</i>

6. PROCESS DEFINITION AND CONTROLS

- 6.1. Only prequalified/accredited vendors shall be considered for awarding of goods and services.
- 6.2. 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. Submission of Government Mandated docs (Not limited to: Company Profile, Business Permit, BIR, Copy of OR or Sales Invoice) and Email/VIS approval from the Senior Procurement Manager shall be secured by Buyer/ Negotiator before proceeding with the procurement processes.
- 6.3. Prequalification/Accreditation process may start simultaneously with the bidding process. Procurement to send an Invitation letter to source vendors for new requirements.
- 6.4. For Bidding related or >300K PR Budget, notice to prioritize top 3 vendors based on the initial result of on-going bidding is being sent by Procurement to Third Party assessor to ensure that vendor is accredited prior the award.
- 6.5. Once received notification from third party assessor, the assessment report including accreditation documents is already available and can be downloaded from the vendor’s portal.
- 6.6. Procurement will print and prepare the Vendor Accreditation Rating Sheet (VARS) and route it to the VAC Committee for review, rating, and approval.
- 6.7. Approval for accreditation by the VAC must be unanimous. Refer to the Approval Authorization Chart approved by the Chairman.



Policy Title: Vendor Accreditation Procedures	Attachments: Annex A- Vendor Accreditation Process
Policy No.: DP-SPI-PROC 1.8	Cross Reference: Purchase Requisition to Purchase Order Procedure DP-SPI-PROC 1.1
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Approved by: Wolfgang Krueger, Executive Director	<i>[Signature]</i>

- 6.8. There are two (2) types of Assessment:
- 6.8.1. **In-House Assessment (Pre-qualification)**-All vendors must undergo in-house assessment/pre-qualification.
The initiative must be done by the assigned Buyer/ Negotiator by compiling documents & VIS as stated in DP-SPI-PROC 1.8 Clause No.6.Submitted to Procurement Analyst then approval of Senior Procurement Manager prior to Purchase Order (For 1st transaction) for approval.
 - 6.8.2. **Third Party Assessment (Accreditation)**- 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).
Vendor accreditation documents and payment requirement (third party are being communicated by third party assessor.
- 6.9. Vendors that are exempted to this process may refer to section Item 1.2.
- 6.10. Accreditation of Vendors shall be done whenever the following instances are encountered:
- 6.10.1. New requirement arises.
 - 6.10.2. Insufficient number of accredited vendors in the pool.
 - 6.10.3. Need to make a supply situation more competitive.
 - 6.10.4. Replacement of vendors due to following reasons:
 - 6.10.4.1. Vendor has gone out of business.
 - 6.10.4.2. Vendor has discontinued production of a particular line.
 - 6.10.4.3. Outdated technology; or,



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6.10.4.4. Vendors’ performance review results to poor performance as defined in Vendor Performance Evaluation

6.10.4.5. Existing vendor is recommended for blocking as defined in Vendor Performance Evaluation

6.11. Sources of Potential Vendors for Accreditation:

6.11.1. Procurement 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:

- 6.11.1.1. Company’s database of current and past vendors.
- 6.11.1.2. Trade directories, buyer’s guides, Third party referrals.
- 6.11.1.3. Vendors themselves through visits from sales force or direct mail shots.
- 6.11.1.4. Exhibitions and conferences.
- 6.11.1.5. Periodicals.
- 6.11.1.6. Professional colleagues within the Kuok group and outside the Company.
- 6.11.1.7. Embassies; and,
- 6.11.1.8. E-bay and other electronic portals

6.12. Vendor Accreditation Committee (VAC) Members

- 6.12.1. Chairmanship of the Vendor Accreditation Committee shall be the Vice President of Finance. The chairman shall convene the committee meetings, resolve issues, and break impasses as regards Vendor Accreditation whenever necessary.
- 6.12.2. The committee shall be composed of representatives from Accounting, Technical/Subject Matter Expert (SME) and Procurement who shall conduct and



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shall conduct and determine the following:

- 6.12.2.1. 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.
- 6.12.2.2. Accounting Representative – to conduct an analysis of financial viability of Vendor.
- 6.12.2.3. Technical Representative/Subject Matter Expert (SME) – shall determine the vendor’s technical background and capability to perform required works and services.
- 6.12.3. 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 Procurement.
- 6.12.4. 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.

6.13. Accreditation Requirements

- 6.13.1. Vendor applying for accreditation shall submit relevant documents listed in Annex 1, depending on the type of product or service offered.
- 6.13.2. Each VAC member (refer to section 6.12 for membership composition) shall be given a set of documents relevant to their review based on the accreditation criteria (refer to section 6).
- 6.13.3. The actual site visit shall be done by Procurement and/or 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



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groups such as Legal, Technical, HRAS, and Accounting may be consulted or invited to confirm findings and observations during vendor visit, which shall serve as basis for accreditation.

- 6.14. Vendor visit is required for:
 - 6.14.1. The accreditation of new/first-time vendors who will potentially supply both categories of products/services:
 - 6.14.1.1. A vendor with potentially more than PHP 5 million one-time or annual contract. Vendor visit must be done prior of any award.
 - 6.14.1.2. Any vendor regardless of the any potential awarded amount that is required by the management to conduct vendor visit.
 - 6.14.2. 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.



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Approved by: Wolfgang Krueger, Executive Director	<i>W. Krueger</i>

6.15. Accreditation Criteria and Documentation Requirements

A vendor applying for accreditation shall be evaluated based on the criteria legal requirements compliance, financial stability, and technical capability.

6.15.1. **Legal Capability and Regulatory Requirements**

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. SEC and Incorporation Papers (articles of Incorporation/Partnership/By-laws)
- c. Tax Identification Number (TIN)
- d. BIR Registration 2303
- e. Business Permits/Licenses; Mayor Permit; Health Permit; Fire Clearance Certificate; Sanitary Permit and the like
- f. Exclusive Distributorship Agreement
- g. SSS Certificate of Payments
- h. Service Contracts: Complaint to Department of Labor and Employment (DOLE) Requirement (Force Labor, Child Labor & Human Rights) and NLRC Clearance
- i. SOSIA and PADPAO (if applicable)
- j. License to Operate (if applicable)
- k. License to Own and Possess Firearm (if applicable)
- l. Certificate from Bureau of Animals (if applicable)



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- m. Dole 174 (not applicable for trading vendors)
- n. Data Privacy Consent Form

6.15.1.1. All Vendor applying for accreditation shall be requested to upload the original documents to the Third-Party Vendor Portal who will validate the authenticity of submitted documents.

6.15.1.2. In case any of the documents presented were found insufficient, further documentation requirements shall be required.

6.15.2. Financial Stability

The VAC approval sheet including the following pertinent documents shall be also uploaded to Third Party Vendor Portal 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 Bank Statement for <1 year.
- 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.

6.15.2.1. Accounting Representative shall review the financial strengths/capability of all vendors applying for accreditation.



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Approved by: Wolfgang Krueger, Executive Director	<i>[Signature]</i>

- 6.15.2.2. Only those vendors who pass will be included in the pool of accredited suppliers.
- 6.15.2.3. The result of financial evaluation shall be reflected in the VAC approval sheet including the findings/comments/assessment/ recommendations.
- 6.15.2.4. Re-evaluation of financial Capability of accredited vendors must be done as requested by the VAC Committee.
- 6.15.2.5. Procurement 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.

6.15.3. Technical Capability

Procurement and 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.

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 but not limited to:

- 6.15.3.1. Vendor Visit (Please refer to the section 6.14)
- 6.15.3.2. 3rd Party Validation
- 6.15.3.3. Interview of reference sites



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6.15.3.4. 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
- g. Environmental Performance (If Applicable)

6.16. Third Party Assessor

A Third-Party Assessor is a private organization and a SPI business partner that responsible for conducting assessment activities to the prospective vendors and suppliers considering the requirements of the SPI Vendor Accreditation Committee (VAC).

Definition and responsibility are as follows:

- 6.16.1. They provide a facility via Vendor Integrity Access (VIA) Portal for easier collection of vendor’s accreditation documents.
- 6.16.2. They only collect and assesses documents from VIA Portal uploaded by the vendors.



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Approved by: Wolfgang Krueger, Executive Director	<i>[Signature]</i>

- 6.16.3. They are vetting on the vendors/ suppliers by carefully checking (not limited to) if they meet the organizational standards, obligations once under contract, previous & existing law cases, legitimacy of Government Mandated & other docs (ex. SEC and Audited Financial Statements), Change of Company Names to name a few. The end goal is to secure a legitimate, low-risk, best-in-class vendor, and supplier portfolio.
- 6.16.4. Third party assessment does not carry numerical weight in the rating sheet, but assessment result is being considered by VAC as guidance on identifying which areas to give special attention to during evaluation.
- 6.16.5. SPI VAC is the only body that can decide if the vendors are rejected or accredited based on their final ratings as indicated on Vendor Accreditation Request Form (VARF).

6.17. Issuance of Certificate of Accreditation

- 6.17.1. 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.
- 6.17.2. The Company shall consider accredited vendors as "Partners in Business". Vendors shall sign Business Ethics Agreement to protect the interest of both Parties.

6.18. Inclusion in the List of Accredited Vendor

- 6.18.1. All pre-qualification/accreditation status and updates must be recorded to the Vendor Master File via Portal.
- 6.18.2. Accounting / Finance process shall be informed of the newly accredited vendors which can be viewed via monthly update or Procurement Portal.



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Approved by: Wolfgang Krueger, Executive Director	<i>Wolfgang Krueger</i>

6.18.3. Procurement shall be responsible for:

- 6.18.3.1. Ensuring that vendors are properly tagged in Vendor Master File and Ensure file is updated every month or whenever there is a new update on the Vendor Master File.
- 6.18.3.2. Ensuring that all changes to critical vendor data are regularly updated in Vendor Master File; and,
- 6.18.3.3. Securing Vendor Master File/Procurement Portal against unauthorized access/modifications.

6.19. All pre-qualified/accredited vendors are required to submit the following documents whenever there are changes or needed for validation purposes and to update the Vendor Master file:

- 6.19.1. Audited Financial Statement as needed.
- 6.19.2. Business Permit (Mayor’s Permit)
- 6.19.3. BIR 2303
- 6.19.4. Updated or new product Catalogs
- 6.19.5. Above documents will validate legal existence and financial soundness of the existing vendors of the company on a continuing basis.

6.20. Vendor Accreditation Review and Rationalization

The vendor list shall be reviewed every five (5) years. This process is to review the progress of the vendors in the organization by evaluating their performance, competencies, quantity of their transactions and their effectiveness and efficiency in the organization. Vendors with only one (1) transaction in a year is candidate for delisting in the master vendor file, preventive maintenance/repeated contracts are exempted for delisting.



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Approved by: Wolfgang Krueger, Executive Director	<i>Wolfgang Krueger</i>

7. ACCREDITATION REQUIREMENTS CHART:

Legal Compliance	Financial Requirement	Technical Competency
<ul style="list-style-type: none"> ▪ 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 174 License ▪ Exclusive Distributorship Agreement ▪ SOSIA and PADPAO (if applicable) ▪ License to Operate ▪ License to Own and Possess Firearm (if applicable) ▪ Certificate from Bureau of Animals (if applicable) ▪ Any other legal requirements that may deemed necessary for specific product or service being offered. 	<p>For In-House Assessment :</p> <ul style="list-style-type: none"> ▪ 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). ▪ Bank Statement for <1 year. <p>Third Party Assessment:</p> <ul style="list-style-type: none"> ▪ Last Five (5) years Audited Financial Statement (co. existent for 3 yrs. or more) or ▪ One (1) year Audited Financial Statement (for 2-year-old companies). ▪ And Bank Statement for <1 year <p>***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)</p>	<ul style="list-style-type: none"> ▪ 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.



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This policy is subject to change, review, amendment and/or cancellation at any time upon Management’s discretion, if deemed fit and necessary.

***** END OF POLICY *****



ANNEX "A"

VENDOR ACCREDITATION PROCESS FLOW:

Activity Flow	Responsibility	Process / Remarks
START	Procurement In Charge (Buyer/ Negotiator)	<ul style="list-style-type: none"> Prepare and send Invitation Letter to new vendors (accredited and unaccredited) to participate in a bidding. OR When a vendor submits a Letter of Intent to be accredited by SPI for future requirements.
Send Invitation Letter		<ul style="list-style-type: none"> <i>*Unaccredited vendors to undergo accreditation process simultaneously with the bidding process.</i> <i>SLT: 1-2 Working days (from the receipt of PR)</i>
Received confirmation of Interest from Vendors	Procurement In Charge (Buyer/ Negotiator)	<ul style="list-style-type: none"> Confirmation interest from accredited and unaccredited vendors. Buyer/ Negotiator endorses short listed new suppliers to Procurement Assistant for >300K budget. <i>*Confirmation of vendor's interest is being done during the initial or pre-bid meeting.</i> <i>SLT: 1-2 Working days (waiting days from vendors to confirm their interest)</i>
Endorse unaccredited vendors to 3 rd party assessor (for >300K)	Procurement In Charge (Procurement Assistant) Process c/o Third-Party Assessor	<ul style="list-style-type: none"> Endorse thru email the unaccredited vendor to third party assessor for >300K budget. Third-party collects documents and payment requirements and proceeds to assessment process. <i>*Vendor accreditation documents and payment requirements are being communicated by the third-party assessor to the vendor. The evaluation and assessment depend on how quickly the vendor pays and submits requirements to 3rd party assessor.</i> <i>*Notice to prioritize top 3 vendors based on the result of on-going bidding is being sent by Procurement to the Third-Party assessor to ensure that the vendor is accredited prior of the award. SLT: 1-2 Working days (upon receipt of confirmation from vendor)</i> <i>SLT: 10-12 Working Days (upon receipt of complete documents)</i>
Transaction Monitoring (>15 Transactions, <300K Spend)	Procurement In Charge (Procurement Assistant)	<ul style="list-style-type: none"> For Monitoring, YTD Monthly spend report is generated every 1st week of the following Month to monitor supplier spend and frequency of purchase. For Suppliers with >300K spend will be endorsed to 3rd Party assessment. <i>*The evaluation and assessment depend on how quickly the vendor submits requirements to the Category Leaders (Leads for Eng and Non Eng)</i> <i>SLT: 10-12 Working Days (upon receipt of request to preparation of VARS)</i>
Update (Excel) Monitoring File	Procurement In Charge (Procurement Assistant)	<ul style="list-style-type: none"> Update Vendor Master File on to reflect endorsement of vendor for third-party assessment and In-house Assessment <i>* Vendor Master File – record of all POs awarded to vendors and accredited and non-accredited vendors including status of accreditation. SLT: 1-2 Working days (upon endorsement to 3rd Party)</i>
Receive notice of availability of assessment report from third-party	Procurement In Charge (Procurement Assistant)	<ul style="list-style-type: none"> Receives E-mail notification from third-party assessor that assessment report including accreditation documents is already available and can be downloaded from the assessor's "portal".
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Activity Flow	Responsibility	Process / Remarks
<div style="border: 1px solid black; padding: 5px; text-align: center;">Page 2</div>	<p>Procurement In Charge (Procurement Assistant)</p>	<ul style="list-style-type: none"> •Notifies Procurement Specialist/ Procurement Assistant Manager/ Category Leader to process VARS. SLT: 1-2 Working days (upon receipt of email notification from 3rd Party Assessor)
<div style="border: 1px solid black; padding: 5px;">Notify VAC on availability of assessment report.</div>	<p>Procurement - Assistant Manager / Category Leader</p>	<ul style="list-style-type: none"> •Once the notification has been received, Procurement to notify Vendor Accreditation Committee (VAC) of the availability through printed Vendor Rating Sheet (VARS) and give access to the assessment report and vendor's documents. *VAC is composed of Chairman (VP – Finance) and representatives from Accounting, Technical and Procurement.
<div style="border: 1px solid black; padding: 5px;">Check Legal document and prepare VARS.</div>		<ul style="list-style-type: none"> •Check legal document requirements and prepare Vendor Accreditation Rating Sheet (VARS) •Download and print necessary docs from Vendor Portal and attach to VARS for approval routing SLT: 1-2 Working days (upon receipt of complete documents-for In-house/VIA Portal)
<div style="border: 1px solid black; padding: 5px;">Review and sign VARS.</div>	<p>Procurement - Assistant Manager, Senior Procurement Manager</p>	<ul style="list-style-type: none"> •Review and sign VARS for legal document requirements and its rating. •To endorse VARS to Senior Procurement Manager for review and approval.
<div style="border: 1px solid black; padding: 5px;">Route VARS to VAC</div>	<p>Procurement In Charge (Procurement Assistant)</p>	<ul style="list-style-type: none"> • Route VARS to other VAC Members.
<div style="border: 1px solid black; padding: 5px;">Review assessment report and documents and accomplish VARS (Financial and Technical)</div>	<p>VAC: Procurement, Controller, Technical Representative</p>	<ul style="list-style-type: none"> • VAC reviews assessment report and vendors documents and accomplish VARS. * Accounting Representative - to review Financial Viability, check/review result of third-party assessment and match with own assessment result. * Technical Representative - reviews vendor's technical background and capability SLT: 2-3 Working days Accounting. SLT: 2-3 Working days Technical (upon receipt of approved VARS from Legal, Finance or Technical whichever comes first)
<div style="border: 1px solid black; padding: 5px;">Review and approve VARS.</div>	<p>Approvers: DH of Requestor, DH of Procurement</p>	<ul style="list-style-type: none"> • Reviews and approves VARS
<div style="border: 1px solid black; padding: 5px;">Received accomplished VARS and Prepare Vendor Accreditation Certificate</div>	<p>Procurement In Charge (Procurement Assistant)</p>	<ul style="list-style-type: none"> • Receive and checks accomplish VARS. * Total Turn Around Time (TAT) from preparation to completion of VARS is 22-30 working days average LT. • Draft Vendor Accreditation Certificate SLT:1-2 Working days (upon receipt of completed approved VARS)
<div style="border: 1px solid black; padding: 5px;">Review & Approve Vendor Accreditation Certificate</div>	<p>Procurement - Assistant Manager, Senior Procurement Manager</p>	<ul style="list-style-type: none"> • Review Vendor Accreditation Certificate
<div style="border: 1px solid black; padding: 5px;">Review & Approve Vendor Accreditation Certificate</div>	<p>Procurement - Assistant Manager, Senior Procurement Manager</p>	<ul style="list-style-type: none"> • Approve Vendor Accreditation Certificate based on Approval Authorization Chart SLT:1-2 Working days upon receipt of completed approved VARS)
<div style="border: 1px solid black; padding: 5px; background-color: #cccccc;">Page 3</div>		

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ANNEX 2

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.



SHANG

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