COVER SHEET

0 0 0 0 0 0 1 4 5 4 9 0

SEC Registration Number

SHANG PROPERTIES, INC.

(Company's Full Name)

ADMINISTRATION OFFICE SHANGRI-LA
PLAZA MALL, EDSA COR. SHAW BLVD.
MANDALUYONG CITY

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

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

(02)8370-2700

(Company Telephone Number)

1 2	3 1
Month	*Day*

(Fiscal Year)

20-PIS

(Form Type)

0 6	1 7
Month	*Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter **SHANG PROPERTIES, INC.**

3. Philippines
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: 145490

5. BIR Tax Identification Code: 000-144-386

6. Level 5, Administration Office, Shangri-La Plaza Mall
   EDSA cor. Shaw Boulevard, Mandaluyong City   1550
   Address of principal office   Postal Code

7. Registrant's telephone number, including area code (632) 8370-2700

8. The annual meeting of Registrant's stockholders will be held on **22 JUNE 2026 at 10:00 A.M. at Edsa Shangri-La Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City.**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **01 JUNE 2026**, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on **22 JUNE 2026**.

10. No proxy solicitations will be made by Registrant.

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	**Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding**
Common Stock	**4,764,056,287**[1] common shares (* not included are the Registrant's 2,695 treasury shares)

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes _x_ No ____

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    The Registrant's Common Shares are listed with the Philippine Stock Exchange.

[1] As of 08 May 2026 - Source: https://edge.pse.com.ph/companyPage/stockData.do?cmpy_id=218

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

The annual meeting of Registrant's stockholders will be held on **22 JUNE 2026 at 10:00 A.M. at Edsa Shangri-La Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City.**

The approximate date on which the Information Statement is first to be sent and will be accessible at the Issuer's website at https://www.shangproperties.com/, or be given to security holders, starting on **01 JUNE 2026, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on 01 JUNE 2026.**

Registrant's complete mailing address is as follows: **SHANG PROPERTIES, INC.**, Level 5, Administration Office, Shangri-La Plaza Mall, EDSA cor. Shaw Boulevard, Mandaluyong City 1550.

Item 2. Dissenters' Right of Appraisal

Any stockholder of the Issuer must have voted against any proposed corporate action to avail himself of the appraisal right and demand payment of the fair value of his shares as provided in the Revised Corporation Code of the Philippines. None of the stockholders on record voted against any proposed corporate action, thus, there is no matter scheduled to be taken up during the Annual Stockholder's Meeting which would give rise to the exercise of a stockholder's right of appraisal.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand addressed to the Registrant for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: Provided, That the failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Registrant shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the Registrant's action by the stockholders, the withdrawing stockholder and the Registrant cannot agree on the far value of the shares, it shall be determined and appraised and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Registrant, and the third by the two (2) thus chosen. The findings of the majority appraisers shall be final, and their award shall be paid by the Registrant within (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the Registrant has unrestricted retained earnings in its books to cover such payment: Provided, further, That upon payment by the Registrant of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the Registrant. [2]

Appraisal right is available in the following instances:[3]

(1) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares;
(2) In case of any amendment to the Articles of Incorporation authorizing preferences in any respect superior to those of outstanding shares of any class;
(3) In case of amendment to the Articles of Incorporation extending the corporate term;
(4) In case of amendment to the Articles of Incorporation shortening the term of corporate existence;
(5) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
(6) In case of merger or consolidation

[2] Sec. 81 of the Revised Corporation Code
[3] Sec. 80 of the Revised Corporation Code

(7) In case of investment of corporate funds in another corporation or business or for any purpose other than the corporation's primary purpose; and
(8) In a close corporation under Section 104 of the Revised Corporation Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Registrant or nominee for election as director of Registrant, or associate of any of the foregoing has/have a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Annual Stockholders Meeting, other than election to office for some of such persons.

No director of the Registrant has informed the Registrant in writing or otherwise that he intends to oppose any action to be taken by the Registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Number of Shares Outstanding as of 30 APRIL 2026.

As of the date of submission of this Information Statement, the Registrant has **4,764,056,287** issued and outstanding common shares all with a par value of One Peso (₱1.00) per share. All shares have identical voting rights. Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock as of record date. Every stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate his votes and give one candidate/nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit provided that the total number of votes cast by him shall not exceed the number of shares owned multiplied by the whole number of directors to be elected.

The Top 20 stockholders of the Issuer as of 30 APRIL 2026 [4] 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 (PH)	1,002,115,703	21.03%
4. SM Development Corporation	189,350,548	3.97%
5. PCD Nominee Corporation (NON-FIL)	69,969,979	1.47%
6. KGMPP Holdings, Incorporated	52,925,445	1.11%
7. CCS Holdings, Incorporated	47,633,492	1.00%
8. Pecanola Company Limited	43,175,495	0.91%
9. Kuok Brothers SND. BHD.	37,023,839	0.78%
10. Kuok Foundation Overseas Limited	37,023,839	0.78%
11. GGC Holdings, Incorporated	26,224,322	0.55%
12. Kerry Holdings Limited	26,090,624	0.55%
13. Kuok (Singapore) Limited	24,848,214	0.52%
14. Kerry (1989) LTD.	12,424,107	0.26%
15. Kuok Traders (Hong Kong) LTD.	11,407,363	0.24%
16. Federal Homes, Inc.	4,808,478	0.10%
17. Luxhart Assets Limited	3,975,714	0.08%
18. Yan, Lucio W. Yan &/or Clara	3,142,857	0.07%
19. Antonio O. Cojuangco	3,026,964	0.06%
20. James Lim Go	3,000,000	0.06%

(b) The record date for the Registrant's Annual Stockholders' Meeting is 23 MAY 2026.

[4] SPI Top 100 Report as of 30 April 2026

(c) Manner of Voting

Every stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate his votes and give one candidate/nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit provided that the total number of votes cast by him shall not exceed the number of shares owned multiplied by the whole number of directors to be elected.

There are no stated conditions precedent to the exercise of cumulative voting rights.

As of **30 APRIL 2026**, the total number of shareholders of Issuer's common shares is **5,066**[5].

(d) Security Ownership of Certain Record and Beneficial Owners of More Than 5%

Travel Aim Investment B.V., Ideal Sites & Properties, Inc., and PCD Nominee Corporation, 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 30 APRIL 2026[6].

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Travel Aim Investment B.V. 25/F Kerry Centre 683 King's Road Quarry Bay, HK	Kerry Properties Limited	Foreign	1,648,869,372	35%
Common	Ideal Sites & Properties, Inc.	Ideal Sites & Properties, Inc.[7]	Filipino	1,465,144,626	31%
Common	PCD Nominee Corporation	PCD participants[8]	Filipino	998,839,774	21%

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. The votes for Ideal Sites and Properties, Inc., are to be cast by the said Company's appointed proxy, who is usually the Chairman of the Issuer's Annual Shareholders Meeting. The Annual Shareholders Meeting of the Issuer is usually chaired by Mr. Edward Kuok Khoon Loong, and in his absence, by Mr. Alfredo Ramos.

PCD Nominee Corporation is a wholly-owned subsidiary of the Philippine Depository & Trust Corp. (*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. BPI Securities Corporation and BDO Securities Corporation are the 5% holder under the PCD Nominee Corporation.

[5] SPI Board Lot Report as of 30 April 2026
[6] SPI Public Ownership as of 30 April 2026
[7] 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.
[8] The PCD Nominee Corporation is the registered owner of the shares in the books of the Company's transfer agent in the Philippines.

Security Ownership of Management (as of 30 APRIL 2026)[9]

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Edward Kuok Khoon Loong	808,008 (Direct)	Malaysian	0.017%
Common	Maureen Alexandra R. Padilla	1 (Direct)	Filipino	0.000%
Common	Antonio O. Cojuangco	3,026,964 (Direct)	Filipino	0.064%
Common	Maximo G. Licauco III	1 (Direct)	Filipino	0.000%
Common	Benjamin Ivan S. Ramos	2 (Direct)	Filipino	0.000%
Common	Cynthia R. Del Castillo	1 (Direct)	Filipino	0.000%
Common	Karlo Marco P. Estavillo	5,000 (Direct)	Filipino	0.000%
Common	Cheng Wai Sin	1 (Direct)	Malaysian	0.000%
Common	Wolfgang Krueger	940,000 (Direct)	Deutsch	0.030%
Common	Maria Rochelle S. Diaz	1,000 (Direct)	Filipino	0.000%
Common	Federico G. Noel	1 (Direct)	Filipino	0.000%

As of the reporting of **SEC Form 20-IS for 2026**, 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.

VOTING TRUST / HOLDERS OF 5% OR MORE

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

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

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

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

[9] SPI Public Ownership as of 30 April 2026

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

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

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.

Issuer's subsidiary Shang Properties Realty Corporation and SLPC have in turn entered into an agreement whereby SLPC shall lease said mall facility from Issuer of a period of five (5) years commencing on September 2012, renewable upon mutual agreement of the Parties. Rental income is calculated at 12% of SLPC's annual rental income from mall operations. The lease has been renewed for another period which shall expire on 31 December 2022.

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.

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). 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 P10Billion for the project.

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

- Classic Elite Holdings, Ltd. (100% owned by 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)
- Shang Robinsons Properties Inc. (50% 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, Rustan's, Zara, Debenham's, Armani, etc., which caters to the upscale market.

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

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

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

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

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 has commenced pre-selling.

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

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

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

Classic Elite Holdings, Ltd., a British Virgin Islands Company, and recently incorporated, is a holding company. It is a wholly owned non-resident foreign corporation through which 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 a condominium projects known as the Aurelia, located in Bonifacio Global City, Taguig City and Haraya 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 on its newly acquired property located along Canley Road, Pasig City.

SPI Property Developers, Inc. was incorporated on 09 December 2019 as a realty development company. It is 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 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 residential condominium project located at Barangay Wack Wack, Greenhills, Mandaluyong City.

(ii) Issuer's subsidiary, Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) and Shang Property Developers, Inc. sold units of the condominium development The St. Francis Shangri-La Place to non-resident Filipinos and foreigners, but not exceeding 40% of the total no. of units. It has been selling units of the One Shangri-La Place, its latest condominium development, but subject to the limitation that not more than 40% of the total number of units shall be sold to foreigners. Issuer's subsidiary Shang Property Developers Inc. has also started selling units to its residential condominium development, Shang Salcedo Place, sales for which are also subject to the 40% alien ownership limitation.

(iii) This is not applicable to the Issuer. It is primarily a holding company and therefore has no direct distribution methods of products and services.

(iv) Neither the Issuer nor its subsidiaries have new products or services which may be described as requested in this particular section.

(v) Insofar as the Issuer's competitors are concerned, the Issuer's competitors are upper middle to high end real estate companies who are involved in property development such as Ayala Land and Megaworld. Issuer can and will be able to compete in the property development industry because of its strong financial position, international expertise and strong brand position. For the Shangri-La Plaza Corporation, its competitors are entities operating similar upscale malls such as Rockwell, Podium, and Greenbelt 3. The Shangri-La Plaza Corporation is not threatened by competition where it is the only truly upscale commercial complex in its geographic location, and where it is continuously upgrading its facilities in order to cater to its upscale market. SPSI's competitors are those entities who are into carpark management and operation. SPSI is in a healthy financial position and has the expertise to efficiently and viably operate its carpark facilities.

(vi) This section on raw materials and suppliers is not applicable to the Issuer nor to its subsidiaries by reason of the nature of their businesses as herein described.

(vii) Neither the Issuer nor its subsidiaries operations and businesses are dependent on a single customer, the loss of which would have a material adverse effect on the Issuer and its subsidiaries taken as a whole, by reason of the nature of their businesses as described herein.

(viii) On transactions with and/or dependence on related parties:

With Issuer's subsidiaries:

a. With Shangri-La Plaza Corporation (SLPC)

i) 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 shall lease said mall facility from Issuer of a period of five (5) years commencing on September 2012, renewable upon mutual agreement of the Parties. Rental income is calculated at 12% of SLPC's annual rental income from mall operations. The lease has been renewed for another period which shall expire on 31 December 2022.

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

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

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

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

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

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

With Issuer's affiliates:

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

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

Between Issuer's Affiliates:

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

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

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

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

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

Security	Total Outstanding Shares	Shares Owned By Foreigners	Percent of Ownership
Common Shares	4,764,056,287	1,879,262,549[10]	39.45%

FOREIGN OWNERSHIP LEVEL AS OF 30 APRIL 2026[11]:

Item 5. Directors and Executive Officers

CHANGES IN CONTROL

As regards changes in control, there are no pending or proposed changes which will affect the Registrant.

The Directors, Independent Directors and Executive Officers of the Registrant *with their business experience for the last five years* from this disclosure are as follows:

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong[12]	Malaysian	Yes /34 yrs.	73	Chairman	None
Maximo G. Licauco III[13]	Filipino	Yes/12 yrs. & 5 mos.	75	Vice Chairman	None
Maureen Alexandra Ramos-Padilla[14]	Filipino	Yes/3 yrs. & 5 mos.	53		None
Cynthia R. Del Castillo[15]	Filipino	Yes /24 yrs. & 10 mos.	73		Sanitary Wares & Mfg. Corp.
Benjamin Ivan S. Ramos[16]	Filipino	Yes /15 yrs. & 8 mos.	56		None
Maria Rochelle S. Diaz[17]	Filipino	Yes/10 mos & 12 days	45		None
Cheng Wai Sin[18]	Malaysian	Yes/ 1 yr. & 8 mos.	51		None
Antonio O. Cojuangco[19]	Filipino	Yes /15 yrs. & 8 mos.	74		None

[10] SPI's Ownership Report as of 30 April 2026
[11] SPI's Report on Foreign Ownership as of 30 April 2026
[12] Regular Director
[13] Independent Director
[14] Regular Director
[15] Regular Director
[16] Independent Director
[17] She was elected as member of the Board as of June 18, 2024.
[18] She was elected as member of the Board as of 28 August 2024, to replace Mr. Dennis Au Hing Lun and serve as such for the remainder of Mr. Lun's term and until his successor is duly elected and qualified.
[19] Independent Director

Karlo Marco P. Estavillo[20]	Filipino	Yes/9 yrs. & 7 mos.	54	Chief Operating Officer	None
Wolfgang Krueger[21]	Deutsch	Yes/5 yrs. & 4 mos.	61	Executive Vice President	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. (She was elected as member of the Board to replace Mr. Alfredo Ramos who ceased to hold his office/ position by reason of his passing last 26 November 2022.)

Maria Rochelle S. Diaz was elected as member of the Board effective 18 June 2024. She brings with the organization her wealth of experience from different industries including Property Development, Banking, Food and Beverage and Telco. She was CFO with the Max's Group of Companies and also worked with Ayala Land, Converge ICT and PricewaterhouseCoopers.

Cheng Wai Sun [22]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. (She replaced Au Hing Lun, Dennis who resigned as member of the Board as of 28 August 2024 and serve as such for the remainder of Mr. Woo's term until his successor is duly elected and qualified)

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

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

Maximo G. Licauco III 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.

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

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.

Rajeev Garg is the Vice President Finance 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.

Alok Agarwal has over 20 years of experience in the hospitality industry, with extensive expertise in financial management, change management and governance. He previously held senior finance leadership roles with Shangri-La Group, including Assistant Vice President – Finance with regional oversight across Hong Kong, Taiwan, and the Philippines. He is an Associate Member of the Institute of Chartered Accountants of India and ranked among the top 50 candidates nationwide in the final examinations. As Group Director of Finance, Mr. Agarwal leads the Controllership Division, ensuring financial integrity and operational excellence.

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.

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 S. Ramos is the nephew of Mr. Alfredo Ramos. Mr. Maximo G. Licauco III is the brother-in-law of Mr. Alfredo Ramos. Ms. Maureen Alexandra R. Padilla is the daughter of Mr. Alfredo Ramos who is the former Chairman of the issuer and first cousin of Mr. Benjamin Ivan S. Ramos.

Other than those mentioned, there are no other family relationships up to the fourth civil degrees either by consanguinity or affinity among the Directors, Executive Officers or persons nominated.

(4) Involvement in Certain Legal Proceedings

(A) None of the directors or executive officers of the Issuer has had any bankruptcy petition filed by or against any business of which such director or executive officer was a general partner or executive officer either at the time of bankruptcy or within two years to that time;

(B) None of the directors or executive officers of the Issuer has had any conviction by final judgment in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(C) None of the directors or executive officers of the Issuer has been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;

(D) None of the directors or executive officers of the Issuer has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

(E) None of the directors has resigned or declined to stand for re-election since the date of the last annual meeting of security holders because of disagreement with the registrant on any matter relating to the Registrant's operations, policies, or practices.

Nomination of Regular (Non-independent) and Independent Directors

Pursuant to the SEC approved Amended by-Laws of the Registrant wherein new provisions on the nomination and election of the regular and independent members of the Board of Directors were added in compliance with the SRC and SEC Rules and Regulations, the Registrant duly published in a newspaper of general circulation the Notice to Stockholders calling for nominations for regular and independent members of the Registrant's Board of Directors who shall be elected during the Annual Stockholders Meeting on *22 June 2026 (published on 23 April 2026 in The Manila Times and Business World). Pursuant to the nominations received by the Corporate Secretary of the Issuer, the following names have been forwarded to the Corporate Governance Committee / Nomination Committee for nomination to the Board of Directors during the Annual Stockholders Meeting:*

Edward Kuok Khoon Loong
Maureen Alexandra Ramos-Padilla
Cynthia R. Del Castillo
Karlo Marco P. Estavillo
Antonio O. Cojuangco
Maximo G. Licauco III
Cheng Wai Sun
Wolfgang Krueger
Benjamin Ivan S. Ramos
Maria Rochelle S. Diaz

Messrs. Maximo G. Licauco III, Benjamin Ivan S. Ramos, and Antonio O. Cojuangco as evaluated by the Corporate Governance and Nomination Committee of the Board to have all the qualifications were nominated to be voted upon as independent members of the Board during the Annual Stockholders' Meeting on **22 June 2026.**

The specific wordings of Article III, Section 2 of the Issuer's Amended By-Laws setting out the following guidelines and procedures for the nomination and election of the Issuer's regular and independent directors are as follows:

Section 2(a). Election of Independent Directors and their qualification. - Pursuant to the provisions of the Securities Regulation Code and the pertinent regulations of the Securities and Exchange Commission, the Corporation's Board of Directors shall have at least two (2) independent directors or such number of independent directors as corresponds to at least twenty (20%) of the Corporation's board size, whichever is lesser. The independent directors shall be elected in the same manner as the other members of the Board of Directors as provided in these By-Laws.

Section 2(b). Qualification and Disqualification of Independent Director – Any stockholder having at least one (1) share registered in his name may be elected Independent Director, provided, however, that no person shall qualify or be eligible for nomination or election as Independent Director if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

(i) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any corporation (other than one in which the corporation owns at least 40% of the capital stock) engaged in the business which the Board of Directors, by at least three-fourths vote, determines to be competitive or antagonistic to that of the Corporation; or

(ii) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board of Directors, by at least two-thirds (2/3) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

(iii) If the Board of Directors, in the exercise of its judgment in good faith, determine by at least two-thirds (2/3) vote that he is the nominee of any person set forth in (i) or (ii) above.

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board of Directors may take into account such factors as business and family relationship.

For the proper implementation of this provision, all nominations for the election of Independent Directors shall follow the procedure described below."

Section 2 (c). The Board of Directors shall constitute, from among themselves, a Nomination Committee. The Nomination Committee shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nominations for both regular and independent directors, which shall include the following:

(i) The nomination of regular and independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominee.

(ii) The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for regular and independent director/s.

(iii) After the nomination, the Nomination Committee shall prepare a Final List of Candidates for regular and independent directors which shall contain all the following information about all the nominees:

- Names, ages, and citizenship of all nominees;
- Positions and offices that each nominee has held, or will hold if known;
- Term of office and the period during which the nominee has served as director;
- Business experience during the past five (5) years;
- Other directorships held in SEC reporting companies, naming each company;
- Family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the company to become directors or executive officers;
- Involvement in legal proceedings, i.e., a description of any of the following events that occurred during the past five (5) years up to the latest date that are material to an

evaluation of the ability of integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the company:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Being found by a domestic or foreign of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.
- Disclosure if owning directly or indirectly as record and/or beneficial owner of any class of the company's voting securities;
- Disclosure of owning voting trust of more than 5% of the company's securities; and
- Any such other information as may be required to be disclosed by the Securities and Exchange Commission although not expressly provided for above.

The Corporate Governance Committee / Nomination Committee is chaired by Mr. Edward Kuok Khoon Loong, while the Committee Members are Ms. Cynthia N. Del Castillo and Antonio O. Cojuangco.

Involvement in Certain Legal Proceedings

There are no material pending legal proceedings of the Issuer or any of its subsidiaries or affiliates is a party as of date. The cases it has been reporting in the past years have been resolved by the Supreme Court with finality in Issuer's favor.

Information on Cases, Judgments, Decrees, etc., Against Registrant's Directors and Executive Officers or any of its Subsidiaries

None of the directors, executive officers of the Registrant or any of its subsidiaries have 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 five (5) years up to the latest date; None of the directors or executive officers of the Registrant has had any conviction by final judgment in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; None of the directors or executive officers of the Registrant has been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and None of the directors or executive officers of the Registrant 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.

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 Registrant has no transaction or proposed transactions to which Registrant 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 Registrant; (ii) any nominee for election as a director; (iii) any security holder named in response to Part IV, paragraph I, or (IV) any member of the immediate family of the persons aforenamed.

The information above is true during the past five (5) years up to the latest date.

Parents of Registrant

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. 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.

National Bookstore, Inc., is a closed Philippine company which owns the Philippines' biggest chain of bookstores. The Ramos family controls National Bookstore and has the power to vote its shares.

Resignation of Director Since the Last Annual Shareholders' Meeting

None

Proxy Solicitations

No proxy solicitations will be made by the Registrant.

Item 6. Compensation of Directors and Executive Officers

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. **2023 and 2024 and to be paid in the ensuing fiscal year 2025** 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. Figures for Fiscal Year 2026 are only estimated:

OFFICERS/DIRECTOR	FISCAL YEAR	AGGREGATE COMPENSATION (in ₱)		
		Basic	Bonus	Total
	2026	101,183,394.00	18,382,612.77	119,566,006.77
Wolfgang Krueger				
Karlo Marco P. Estavillo				
Maria Rochelle 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				
Andrew de Audsten				
Maria Rochelle S. Diaz				
Rajeev Garg				
Federico G. Noel, Jr.				
Karlo Marco P. Estavillo				
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				

Mabel P. Tacorda				
Andrew den Oudsten				

The figures reported in Item 6 (Compensation of Directors and Executive Officers) comprise the aggregate compensation of all the officers of SPI. SPI has a lean organization and has no other officers except as indicated in the table in Item 6. With respect to SPI's Directors, as SPI has consistently disclosed these part years, the members of the Board of the Issuer do not receive any form of other annual compensation, whether in the form of per diem, options, or other similar forms of compensation.

(2) Description of Any Standard Arrangement

Section 13 of the Issuer's By-Laws provides that the By-Laws officers shall receive such remuneration as the Board of Directors may determine. All other officers shall receive such remuneration as the Board of Directors may determine upon recommendation of the President. A director shall not be precluded from serving the Corporation in any other capacity as an officer, agent, or otherwise and receiving compensation therefor.

(3) Description of Material Terms of Any Other Arrangement

There has been no other arrangement regarding the remuneration of the Issuer's officers and directors.

(4) Description of the Terms and Conditions of each of the following:

a) Employment Contract between the Registrant and Named Executive Officers
Letters of appointment were issued to the officers of the Issuer stating their respective job description.

b) Compensatory Plan or Arrangement
The Issuer has no other existing compensatory plan other than the one mentioned in the By-Laws.

c) Information on all outstanding Warrants or Options held by Directors, Officers (in tabular form)
None of the Directors/ Officers held an outstanding warrants or options.

(5) If Price or Stock Warrants or Options are Adjusted or Amended

There has been no Stock Warrants or Options available for the Issuer's Officers.

Item 7. Independent Public Accountants

The Registrant has had no disagreements with its Accountants Isla Lipana & Co. (Price WaterHouse Coopers Philippines). The representatives of said Accountants will be present during the annual stockholders' meeting, and shall have the opportunity to make a statement if they desire to do so. They shall also be available to respond to appropriate questions.

The Registrant is compliant with the SRC rule 68, as amended, par 3(b)(iv), and has observed the rotation of signing partners for its Independent Public Accountants, Isla Lipana & Co. (Price WaterHouse Coopers Philippines). With respect to Isla Lipana & Co., the signing partner starting FY 2021 is Zaldy D. Aguirre. Isla Lipana & Co. is a SEC-accredited external auditing firm, is valid to audit 2026 to 2030 financial statements and will be recommended for re-appointment as External Auditor for the year 2026-2027 during the Annual Stockholders' Meeting on 22 June 2026.

AUDIT COMMITTEE

Pursuant to the provisions of Registrant's Manual of Corporate Governance, the Registrant has an Audit Committee which is chaired by Benjamin Ivan S. Ramos who is an independent director. The members of the Committee are Maximo Licauco III and Cynthia del Castillo.

(B) Information of Independent Accountant and other related matters

a. External Audit Fees and Services

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

b. 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.

Not Applicable.

(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

Item 8. Compensation Plans

No actions will be taken by Registrant during the Annual Stockholders Meeting as regards any bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the registrant will participate, any pension or retirement plan in which any such person will participate, or the granting or extension to any such person of any option/s, warrant/s or right/s to purchase any securities. The members of the board are not paid per diem for their attendance to board meetings.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

The merger of Registrant and Kuok Philippine Properties, Inc. ("KPPI"), with the Registrant as the surviving entity, and KPPI as the absorbed entity, was duly approved by the SEC on 25 July 2007. Pursuant to the Plan of Merger of Registrant and KPPI, as approved by the Board of Directors of Registrant, all KPPI shareholders as of the date of approval by the Securities and Exchange Commission of the Merger ("Record Date"), were entitled to exchange every seven (7) of their KPPI shares with one (1) share of the Registrant. Fractional shares (shares less than 7) held by the qualified KPPI shareholders were paid by the Registrant in cash. The shares of the Registrant which was issued to the KPPI shareholders was taken from out of an increase in the Authorized Capital Stock of the Registrant from ₱6,000,000,000 (representing 6,000,000,000 common shares at ₱1.00 par value per share) to ₱8,000,000,000 (representing 8,000,000,000 common shares at ₱1.00 par value per share), which increase in the Authorized Capital Stock has been duly approved by the SEC. All shares issued to KPPI shareholders have been duly listed with the Philippine Stock Exchange.

Only common shares were issued which shall enjoy the same rights (dividend, voting, and other rights) as those common shares of the Registrant already issued and outstanding. No preferred shares will be issued on account of the increase in the Authorized Capital Stock.

As regards dividends, the dividend policy of the Registrant is as set forth in Article VIII of its By-Laws which states that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with existing laws.

The pre-emptive rights of all common shareholders of the Registrant (old and new) are denied in Article Seventh of the Articles of Incorporation of Registrant, which states that "No holder of shares of the Corporation shall have, as such holder, any pre-emptive right to acquire, purchase, or subscribe to any share of the capital stock of the Corporation which it may issue or sell, whether out of the number of shares authorized by these Articles of Incorporation as originally filed, or by any amendment thereof, or out of the shares of the capital stock of the Corporation acquired by it after the issuance thereof."

There are no provisions in the By-Laws of Registrant that would delay, defer, or prevent a change in control of the Registrant.

No dividends in arrears or defaults in principal interest

The Registrant has no dividends in arrears or defaults in principal or interest in respect of any of their respective securities.

Cash Dividends Declared By The Issuer During The Two Most Recent Years

2026

- 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.

2025

- 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.

- During the regular meeting of the Issuer's Board held on 12 March 2025, the Board approved the declaration of P0.18260 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 financial statements of the Issuer as of 31 December 2024, to be paid on or before 11 April 2025.

2024

- During the regular meeting of the Issuer's Board held on 28 August 2024, the Board approved the declaration of P0.13440 per share cash dividend to all shareholders of record as of 16 September 2024, to be taken from the unrestricted retained earnings as reflected in the financial statements of the Issuer as of 30 June 2024, to be paid on or before 26 September 2024.

- During the regular meeting of the Issuer's Board held on 19 March 2024, the Board approved the declaration of P0.15527 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 financial statements of the Issuer as of 31 December 2023, to be paid on or before 15 April 2024.

Item 10. Modifcation/ Exchange of Securities

There has no outstanding securities to be modified and no securities to be issued in exchange for outstanding securities.

The Issuer has no plans of applying for registration of new or reclassified securities in the Philippine Stock Exchange and/ or in any other exchange.

Item 11. Financial and Other Information

The Management's Discussion, Analysis, Market Price of Shares and Dividends, and the Audited Financial Statements as of 31 December 2025 are all attached herein for reference.

Item 12. Merger, Consolidation, Acquisition & Similar Matters

A. There is no proposed merger, consolidation, acquisition, sale or transfer of all or any substantial part of the Issuer's assets and/ or liquidation or dissolution of the Registrant and similar matters that are included in the agenda of the meeting.

B. Not applicable as there is no proposed sale/ merger and/ or transaction entered into by the Registrant.

C. Not applicable.

Item 13. Acquisition or Disposition of Property

There is no act of acquisition or disposition of property by the Issuer.

Item 14. Restatement of Accounts

None

Item 15. Action with respect to Reports

The agenda during the annual stockholders' meeting, the shareholders shall be requested to:

(i) approve the minutes of the Annual Stockholders' Meeting held on **17 JUNE 2025** which minutes reflect the following: call to order, proof of notice of meeting, certification of quorum, approval of minutes of the previous annual stockholders' meeting, approval of the Management's report of operations for **2025,** ratification of the acts of the Board of Directors, election of directors, appointment of the firm of Isla Lipana & Co. (Price WaterHouse Coopers Philippines) as the Registrant's External Auditors, and adjournment.

(ii) ratify the acts of Management and the Board of Directors since the Annual Stockholders' Meeting held **17 JUNE 2025** up to the date of this year's Annual Stockholders' Meeting. The items covered with respect to this general ratification are the acts of Board of Directors in the ordinary course of business, with those acts of significance having been subject of prior disclosures to the SEC.

(iii) approve and ratify the Registrant's Audited Financial Statements as of **31 December 2025**, elect the Board of Directors for the year **2026-2027**, elect the Registrant's external auditors.

(iv) approve the appointment of the Issuer's External Auditors Isla Lipana & Co. (Price WaterHouse Coopers Philippines) for the fiscal year **2026-2027.**

The Minutes of the **2025 Stockholders' Meeting** is uploaded on the Registrant's website five (5) days from the date of the Meeting and may be viewed at www.shangproperties.com.

The Minutes contain the following information:

(1) A description of the voting and vote tabulation procedures used in the previous meeting
(2) A description of the opportunity given to the stockholders to ask questions and a record of the questions asked and answers given;
(3) The matters discussed and resolutions reached;
(4) A record of the voting results for each agenda item; and

(5) A list of the directors, officers and stockholders who attended the meeting.

The dividend policy of the Registrant is as set forth in Article VIII of its By-Laws which states that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with existing laws.

The pre-emptive rights of all common shareholders of the Registrant (old and new) are denied in Article Seventh of the Articles of Incorporation of Registrant, which states that "No holder of shares of the Corporation shall have, as such holder, any pre-emptive right to acquire, purchase, or subscribe to any share of the capital stock of the Corporation which it may issue or sell, whether out of the number of shares authorized by these Articles of Incorporation as originally filed, or by any amendment thereof, or out of the shares of the capital stock of the Corporation acquired by it after the issuance thereof."

There are no provisions in the By-Laws of Registrant that would delay, defer, or prevent a change in control of the Registrant.

Other than the above, no other action shall be taken during the annual stockholders' meeting.

Item 16. Matters Not Required to be Submitted

All matters or actions to be taken up in the meeting will require the vote of the stockholders as of the record date.

Item 17. Amendment of Charter, By-Laws or Other Documents

No recent amendment of Charter, By-Laws, or other documents.

Item 18. Other Proposed Action

None

Item 19. Voting Procedures

The vote of at least a majority of the stockholders who participates through remote communication or by proxy and entitled to vote, a quorum being present, shall be required for approval or election. The votes shall be taken and counted viva voce, by the secretary of the Meeting through video conference.

Item 20. Participation of Shareholders by Remote Communication

The stockholders may participate in stockholders' meetings either (a) in person, (b) by proxy, or (c) by remote communication (e.g., by teleconference, by videoconference, by computer conferencing, by audio conferencing) or by other alternative modes of communication.

At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact or, by remote communication or in absentia provided that in the election of directors, stockholders may vote through remote communication or in absentia notwithstanding the absence of an authorization from the Board of Directors. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary.

All proxies must be in the hands of the Secretary not later than ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least three (3) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of proxies shall be final and binding until set aside by a court of competent jurisdiction.

Stockholders may email questions or comments prior to or during the meeting at spi.asm@shangproperties.com.

Item 21. Acceptance of Stockholder Proposals on Agenda Item

Stockholders of record as of **23 May 2026** owning at least 5% of the total outstanding capital stock of the Corporation may submit proposals on items for inclusion in the Agenda on or before **23 May 2026**.

CORPORATE GOVERNANCE MANUAL

In August 2002, the Board of Directors of the Issuer adopted its Corporate Governance Manual which it submitted to the Securities and Exchange Commission. The Manual includes provisions on:

- Compliance System
- Duties and responsibilities of Compliance Officer
- Plan for Compliance including the general responsibilities and qualifications of:
  Board of Directors
  Board Committees
  Corporate Secretary
  External Auditor
  Internal Auditor
- Communication Process
- Training Process
- Reportorial/Disclosure System
- Monitoring Assessment

On 03 August 2005, the Board of Directors of Issuer approved the amendment of Issuer's Manual of Corporate Governance such as to add thereto provisions for the creation of a nomination committee for both regular and independent directors of Issuer, in compliance with the relevant provision of the Securities and Regulation Code.

On 17 August 2009, the Issuer's Board of Directors approved further revisions to the Issuer's Manual on Corporate Governance such as to render the same compliant with SEC Memorandum Circular No. 6, Series of 2009.

On 24 June 2014, this Issuer's Board of Directors approved the latest revisions to the Corporation's Manual on Corporate Governance in compliance with the SEC Memorandum Circular No. 9, Series of 2014.

During its meeting held on 15 March 2017, the Board approved the Issuer's 2017 Manual of Corporate Governance pursuant to Sec Memo Circular No. 19, Series of 2016.

Internal Control

In performing their duties, the Registrant's Board of Directors also acknowledge their responsibility for the Registrant's system of internal financial control. The system is designed with a view to provide reasonable assurance against any material misstatement or loss. This aims to ensure that assets of the Registrant are safeguarded, proper accounting records are maintained and that the financial information used within the business and for publication is reliable. The control system also includes clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against approved annual budgets.

Regular reports are also be prepared for the Board to ensure that Directors are supplied with all the information they require in timely and appropriate manner.

Audit Committee

Pursuant to its Corporate Governance Manual, the Board created an Audit Committee in August 2002. The membership in said committee is compliant with the composition set forth in the Issuer's Manual of Corporate Governance. The Committee acts in an advisory capacity and makes recommendation to the Board. It also review the findings and plans of the internal and external auditors of the Registrant and liaises, on behalf of the Board, with the auditors. The Committee meets regularly to review audit reports, status of the Registrant's audits, internal controls, interim and final financial statements prior to recommending them to the Board for approval.

The Audit Committee is scheduled to meet at least three times a year. The Committee is chaired by Benjamin Ivan S. Ramos. Its members are Maximo G. Licauco III, and Cynthia R. Del Castillo.

Corporate Governance Committee (Subsumed the functions of the Nomination Committee)

Pursuant to its Corporate Governance Manual, the Board created a Corporate Governance Committee which absorbed all the functions of the Nomination Committee. The Corporate Governance Committee / Nomination Committee is chaired by Mr. Edward Kuok Khoon Loong, while the Committee Members are Ms. Cynthia R. Del Castillo and Antonio O. Cojuangco. The procedure for the nomination of regular and independent directors is detailed in the Issuer's amended Manual on Corporate Governance as well as in Issuer's amended By-Laws.

Nomination of Independent Director/s

The screening of nominations for independent directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominee.

The Corporate Governance Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

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%**[23] 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.

MARKET INFORMATION AND DIVIDENDS

(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 **30 April 2026** is **₱3.31**[24]

The high and low of Issuer's shares for **30 April 2026** are as follows:

[23] SPI Public Ownership Report as of 31 March 2026 Source: PSE EDGE
[24] Source: PSE EDGE

High:	**₱3.40**
Low:	**₱3.28**

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

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.

STOCK DIVIDENDS

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

RECENT SALE OF SECURITIES

No recent sale from the time of the last annual stockholders meeting of any unregistered or exempt securities of the Registrants as well as no recent issuance of securities constituting an exempt transaction.

CORPORATE GOVERNANCE

(a) The Board establishes an effective performance management framework through annual performance evaluation of the Registrant using set standards for evaluation.

The Company's President, senior officers, and employees are subjected to a yearly performance evaluation through the Company's Performance Evaluation Development System (PEDS). With the PEDS, specific objective are set (i.e., output/deliverables to be accomplished are determined; the standards to measure the attainment of end results is established; specific actions to accomplish the end results are identified. He is rated by the Board of Directors on the basis of each of the specific functions and responsibilities of his office as indicated in a formal evaluation form). The CEO's/President's performance for the year is then appraised and assessed against these performance measures and targets.

(b) Aside from other policies of the Registrant, the Registrant's Manual on Corporate Governance also provides measures to fully comply with the adopted leading practices on good governance.

The Issuer recognizes that a key part of governance is its open and effective engagement with its shareholders and stakeholders, so that measures are in place to assure open channels of communications. Thus, shareholders can raise comments on the performance and future directions of the Company during the annual stockholders meetings; annual results are distributed to the stockholders and disclosed to the public; the Company's website features various information and announcements about the Company and its operations, directions, disclosures, and financial strength, as well as encourages feedback from shareholders and the public alike. For significant announcements of the Company, after proper disclosures would have been made to the regulators (SEC and PSE), briefings or press releases are distributed to the media in order to reach a wider audience. Significant announcements of the Company are passed upon the Executive Committee and by the Board of Directors. Internally, the Company ensures that the relevant responsibility centers in respect of investor relations are abreast of their respective mandates.

(c) There were no deviations by the Registrant from its Manual on Corporate Governance and full compliance therewith has been made since the adoption of the Manual.

(d) The Registrant's internal control system is reviewed on an annual basis based on the Company's annual audit plan to enhance and ensure that principles and practices are in accordance with the Manual on Corporate Governance.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

Part II and its required disclosures are not relevant to the Registrant since Registrant will not be requesting or soliciting proxies.

UNDERTAKING

REGISTRANT UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON SOLICITED, ON THE WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF THE REGISTRANT'S *ANNUAL REPORT ON SEC FORM 17-A*, AND SHALL INDICATE THE NAME AND ADDRESS OF THE PERSON TO WHOM SUCH WRITTEN REQUEST IS TO BE DIRECTED. AT THE DISCRETION OF MANAGEMENT, A CHARGE MAY BE MADE FOR EXHIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT IN FURNISHING SUCH EXHIBITS.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong this **13th day of MAY 2026.**

SHANG PROPERTIES, INC.

By:

FEDERICO G. NOEL, JR.
Corporate Secretary

MANAGEMENT REPORT

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 asset – 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' 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 during the year, and lower fair market value gain from Investment Properties versus last year.

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 by ₱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 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 costs 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, P1.9B 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 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.

1. Increase in other Pre-payments and other current assets by P 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 P91.8B, increased by P17.2B from the total assets of P74.7B on December 31, 2023. The following are the significant movements in the assets:

- Increase in cash and cash equivalents by P1.8B mainly due to collection of receivables and proceeds from loan availment.
- Decrease in financial assets at fair value through profit or loss by P2.5M due to loss on fair value adjustment recognized during the year.
- Increase in trade and other receivables by P870.6M 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 P3.1B 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 P1.0B 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 P9.9B 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 P52.2M is mainly due to income recognition of Shangri-La The Fort, Manila's NOLCO for the period.
- Decrease in other noncurrent assets by P1.2B 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

Key Performance Indicators

		March 31		Change
		2026	**2025**	
Turnover	(Php M)	3,190	2,820	13.1%
Income From Operations *(Before Interest, JV Income and Tax)*	(Php M)	1,147	1,018	12.7%
Profit Attributable to shareholders	(Php M)	884	1,009	-12.4%
Earnings per Share	(Php Ctv)	0.186	0.212	-12.4%
Net Asset Value per share	(Php)	11.517	10.972	5.0%
Debt to Equity Ratio	(Ratio)	0.592	0.592	0.0%

Overview

For the first quarter ended March 31, 2026, the Group achieved growth in consolidated revenues and improvement in operating profitability compared to the same period last year. This performance is driven by residential development, leasing, and hotel operations, disciplined cost management and resulted in a 13% increase in both turnover and operating income. Profits attributable to shareholders declined year-on-year, which was primarily due to lower joint venture income by Php 177 million following the completion of the Aurelia Residences project in Q4 2025, and does not reflect any deterioration in core operating performance.

- Turnover: Increased by 13% to Php 3.19 billion, driven by higher residential sales and improved performance of leasing and hotel operations.
- Income from Operations (before Interest, JV Income, and Tax): Rose by 13% to Php 1.15 billion, reflecting strong revenue growth and disciplined cost management.
- Profit Attributable to Shareholders: Declined by 12.4% to Php 884.1 million, mainly due to lower joint venture contributions following project completion.
- Earnings per Share: Decreased to Php 0.186, in line with the reduction in net income.
- Net Asset Value per Share: Increased by 5.0% to Php 11.517, supported by income generation during the period.
- Debt-to-Equity Ratio: Remained stable at 0.592:1, underscoring the Group's prudent capital structure.

Financial Condition

Total assets of the Group as of March 31, 2026 amounted to ₱96.8B, an increase of ₱258.4M from total assets of ₱96.6B in December 31, 2025. Following are significant movements in assets during the third quarter of the year:

- Cash and Cash Equivalents decreased by P1.1B mainly due to the payment of debt and the use of funds for ongoing property development activities.
- Trade and Other Receivables decreased by ₱123.5M mainly due to collection of sales of condominium units and parking slots of all ongoing projects.
- Properties Held for Sale increased by ₱267.4M mainly due to additional development costs of all ongoing projects.
- Prepaid and Other Current Assets increased mainly due to down payments made to contractors of ongoing projects as downpayment. These will be recouped from future progress billings. Also, included are annual prepaid expenses paid at the beginning of the year and will be amortized monthly.
- Investments in and advances to associates and a Joint Venture decreased by ₱319.3M mainly due to the parent's share in Net Income and Cash Dividend from Shang Robinsons Properties, Inc. for 2026.
- Current ratio is 2.09:1 as of March 31, 2026 from 1.97:1 as of December 31, 2025.

Total liabilities decreased by P569.6M from P36.6B in 2025 to P36.0B in 2026 mainly due to the repayment of Debt amounting to P1B.

Results of Operation

Consolidated net income for the period ended March 31, 2026 amounted to ₱884M, which is lower by 12% from last year's ₱1.0B primarily due to lower joint venture income following the completion of the Aurelia Residences project in Q4 2025.

Turnover increased by ₱369.7M to ₱3.1B in 2026 from ₱2.8B in 2025, mainly due to net effect of the following:

- Increase in condominium revenues by P242.8M, generated higher revenue from various projects, Laya By Shang Properties, Shang Summit and Shang Bauhinia Residences.

- Increase in revenue from rental and cinema by ₱65.7M mainly driven by higher occupancy rates and improved rental yields at Shangri-La Plaza Mall and The Enterprise Center.

- Increase in revenue from hotel operations by ₱61.2M, attributed from higher occupancy rate at Shangri-La the Fort, Manila during the first quarter of 2026 compared with the same period last year.

Total Cost of Sales and Services of the Group amounted to ₱1.2B, higher by ₱145.9M compared with last year's ₱1.1B, in line with increase in the revenue.

Total Operating Expenses of the Group amounted to ₱878.3M, higher by ₱70.0M compared with last year's ₱808.4M. This was mainly due to the net effect of the following:

- Increase in general and administrative expense by P40M is mainly due to annual salary adjustments and inflation.
- Increase in taxes and licenses due to higher Real Property Taxes and Business Taxes due to higher collections/revenue.

Information required by Part III, Paragraph (A) (2) (b) of "Annex C" of SRC Rule 2 (Applicable to all fiscal and interim periods in this report)

(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.

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

Information of Independent Accountant and other related matters

a. External Audit Fees and Services

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

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

None

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)

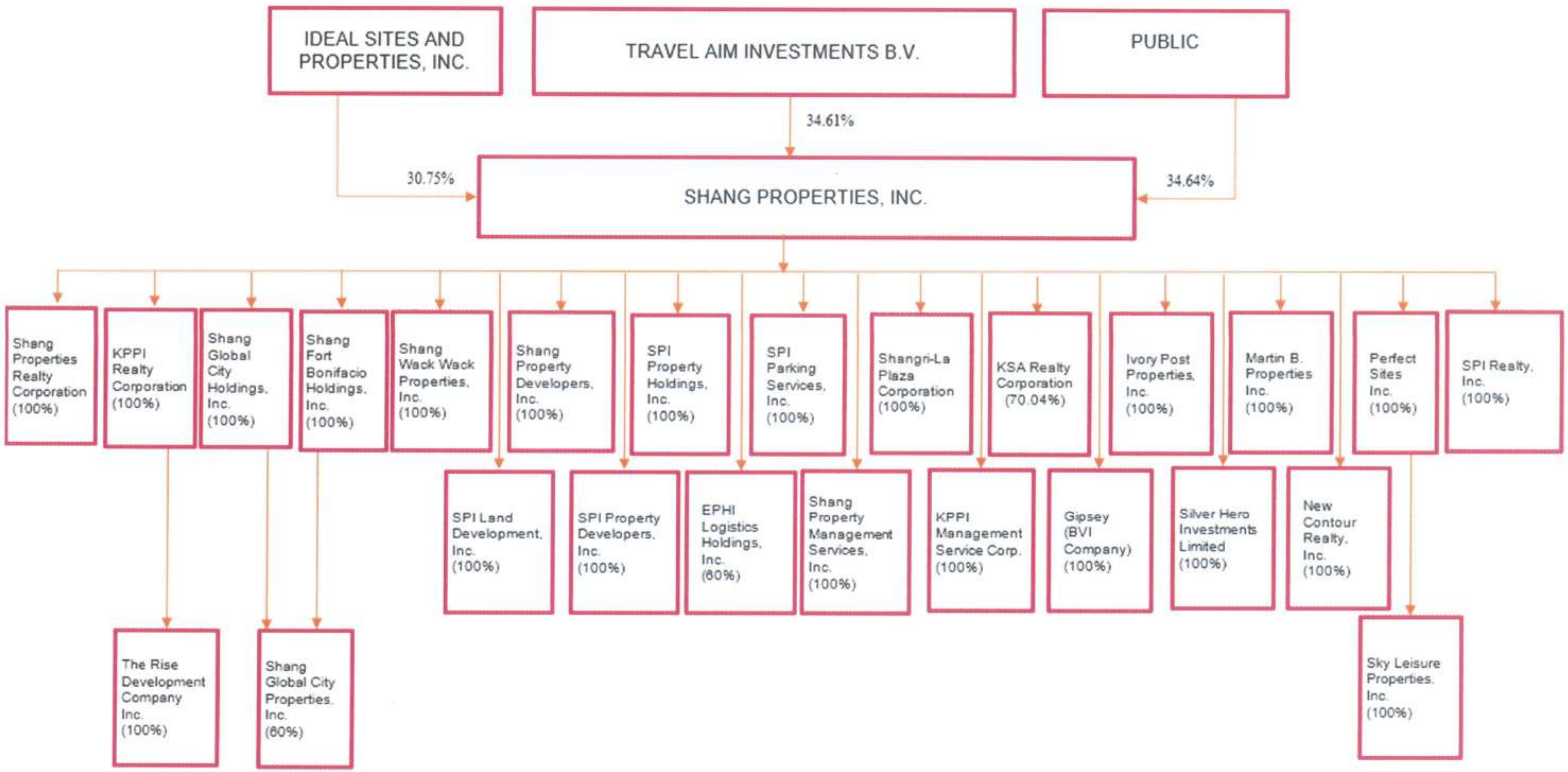
Other Required Disclosures

A.) The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended March 31, 2024.

B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

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	1.48
	Divided by: Total equity	60,022,470			
	Asset to equity ratio	1.61			
E. Debt ratio	Total liabilities	36,581,817	0.38	0.38	0.32
	Divided by: Total assets	96,604,287			
	Debt ratio	0.38			
F. Profitability ratios					
1. Return on assets (%)	Net income	4,661,129	4.82	10.86	8.17
	Divided by: Total assets	96,604,287			
	Return on assets (%)	4.82			
2. Return on equity (%)	Net income	4,661,129	7.77	17.40	12.09
	Divided by: Total equity	60,022,470			
	Return on equity (%)	7.77			
3. Net profit margin (%)	Net income	4,661,129	41.33	86.07	62.15
	Divided by: Total revenues	11,278,697			
	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	1.16
	Divided by: Total shares outstanding	4,764,056			
	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	9.31
	Divided by: Total shares outstanding	4,764,056			
	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 [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
(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
(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
(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, 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
(All amounts in thousands)

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

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2025

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		
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)	8,622,000 722,624	(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**

[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.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ANTONIO O. COJUANGCO**, Filipino, of legal age and a resident of 2335 Makopa Street Dasmarinas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **SHANG PROPERTIES, INC.**,

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Ballet Philippines, Inc.	Chairman	1993 - present
Canlubang Golf & Country Club	President & Director	Aug 2004 - present
Calatagan Golf, Inc.	President & Director	**April 1993 - present**
Cinemalaya Foundation	Chairman	Jan 2006 - present
Nabasan Subic Development Corporation	Chairman	**Aug 2009 - present**
Radio Veritas	Vice Chairman	**July 1994 - present**
Tanghalang Pilipino	Chairman	2000 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.

4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/Investigated	Tribunal or Agency Involved	Status

6. (For those in government service/affiliated with a government agency or GOCC) I have required written permission or consent from the (head of the agency/department) to be an independent director ___________________, pursuant to Office of the President Memorandum Circular No. 17 and section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SHANG PROPERTIES, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this _________ day of ________________ at ________________.

ANTONIO O. COJUANGCO
Affiant

SUBSCRIBED AND SWORN to before me this APR 30 2026 day of ________ 2026 at _____________ affiant personally appeared before me and exhibited to me Passport No. _P4757237B issued at __DFA Manila on February 10, 2020 expiring on February 9, 2030.

Doc. No. 103;
Page No. 22;
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

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **BENJAMIN IVAN S. RAMOS**, Filipino, of legal age and a resident of 918 Arnaiz Ave, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **SHANG PROPERTIES, INC.**,

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
RDI Corp	President	2012 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.

4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
Maximo Licauco	Filstar	uncle
Alexandra Ramos-Padilla	National Book Store	cousin

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/Investigated	Tribunal or Agency Involved	Status

6. (For those in government service/affiliated with a government agency or GOCC) I have required written permission or consent from the (head of the agency/department) to be an independent director ___________________, pursuant to Office of the President Memorandum Circular No. 17 and section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SHANG PROPERTIES, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this 23rd day of April 2026 at Makati City.

BENJAMIN I. RAMOS
Affiant

SUBSCRIBED AND SWORN to before me this ________ day of APR 3 0 2026 at ____________ affiant personally appeared before me and exhibited to me ____ PH PPT NO. P4516707B ____ issued at DFA NCR EAST on 23JAN2020 expiring on 22JAN2030.

Doc. No. 104;
Page No. 22;
Book No. VIII;
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

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **MAXIMO G. LICAUCO III**, Filipino, of legal age and a resident of 14 Anahao St., Valle Verde IV, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **SHANG PROPERTIES, INC.**,

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
FILSTAR DISTRIBUTORS CORPORATION	CEO	1998 TO PRESENT
LIRAFIL CORPORATION	PRESIDENT	1983 TO PRESENT

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.

4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/Investigated	Tribunal or Agency Involved	Status

6. (For those in government service/affiliated with a government agency or GOCC) I have required written permission or consent from the <u>(head of the agency/department)</u> to be an independent director ____________________, pursuant to Office of the President Memorandum Circular No. 17 and section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of SHANG PROPERTIES, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this 6th day of May 2026 at Pasig City.

MAXIMO G. LICAUCO III
Affiant

SUBSCRIBED AND SWORN to before me this 6th day of May 2026 at Pasig City affiant personally appeared before me and exhibited to me Passport No. P1434379B issued at DFA NCR EAST on 11 April 2019 expiring on 10 April 2029.

Doc. No. 366;
Page No. 75;
Book No. XII;
Series of 2026

ATTY. LOUGENIA P. CARIÑO
NOTARY PUBLIC
UNTIL 31 DECEMBER 2026
ROLL NO. 72087
IBP O.R. No. 590921 / 07 January 2026 / Bulacan
PTR No. 6030735 / 08 January 2026 / Mandaluyong
Notarial Commission Appointment No. 100 (2025-2026)
East Raya Gardens, Mercedes Ave., Pasig City
MCLE Compliance No. VIII - 0033631 / 14 May 2025

NOTICE TO SHAREHOLDERS OF SHANG PROPERTIES, INC.

Pursuant to the Amended By-Laws of Shang Properties, Inc. (the "Corporation"), all interested shareholders of the Corporation may now submit the names of their nominees for Independent Directors and Regular Directors of the Corporation's Board of Directors who shall be elected during the Annual Shareholders' Meeting to be held on **22 June 2026** at **EDSA Shangri-La Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City** and via remote communication. All nominations should be submitted on or before **23 May 2026** to the Corporate Secretary at the following address or by notifying the Corporate Secretary at spi.asm@shangproperties.com:

FEDERICO G. NOEL, JR.
Shang Properties, Inc.
Level 5, Shangri-La Plaza Mall
Edsa cor. Shaw Blvd., Mandaluyong City

All nominations should contain at least the following information:

- Names, ages, and citizenship of all nominees;
- Positions and offices that each nominee has held, or will hold if known;
- Term of office and the period during which the nominee has served as director;
- Business experience during the past five (5) years;
- Other directorships held in SEC reporting companies, naming each company;
- Family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the Corporation to become directors or executive officers;
- Involvement in legal proceedings, i.e., a description of any of the following events that occurred during the past five (5) years up to the latest date that are material to an evaluation of the ability of integrity of any director, any nominee for election as director;
- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently, reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated;
- Disclosure if owning directly or indirectly as record and/or beneficial owner of any class of the Corporation's voting securities;
- Disclosure if owning voting trust of more than 5% of the Corporation's securities; and
- Should not have any of the disqualifications laid down by prevailing laws, rules, and regulations.

All nominations shall be subject to pre-screening by the Corporation's Nomination Committee which shall prepare the final list of nominees.

Interested shareholders may also submit on or before **23 May 2026** their proposals for matters to form part of the Agenda for the Annual Shareholders Meeting.

By Order of the Nomination Committee.

FEDERICO G. NOEL, JR.
Corporate Secretary

DOE helps secure fuel for Zaldy Co-linked firms

BY ED PAOLO SALTING

THE government is stepping in to help a private power-generation firm continue its operations and avert brownouts that would affect households in Catanduanes and Tablas Island in Romblon, the Department of Energy (DOE) said on Wednesday.

"We are fully aware of the current situation affecting the operations of Suweco, particularly the pressure brought about by rising fuel costs and operational challenges that have placed strain on diesel-based generation. These are real and urgent concerns, and we are addressing them with the full coordination of government," Energy Secretary Sharon Garin said.

Suweco, or Sunwest Water and Electric Company, which supplies power in off-grid rural areas, is linked to resigned Ako Bicol Party-list representative Zaldy Co, the central figure in the public works corruption scandal that has shaken the country since last year.

The government had frozen Suweco's assets amid investigations on Co's alleged involvement in the scandal, which disrupted its operations.

But now the DOE is intervening to prevent power failure that would impact thousands of families in Catanduanes and Tablas Island.

"We note that Suweco has already secured initial fuel supply equivalent to around one week of operation, and additional deliveries are being arranged on a continuous and staggered basis to prevent any disruption in service. The government is stepping in to reinforce this effort, ensuring that fuel logistics and interagency coordination are aligned to maintain uninterrupted power," Garin said.

In December 2025, officials of Suweco and its affiliate, Suweco Tablas Energy Corp. (STEC), raised concerns to the DOE, Energy Regulatory Commission, and the National Electrification Administration on the freezing of their assets, saying this would paralyze operations and threaten 70,000 and 55,000 households in Catanduanes and Tablas Island, respectively.

The Court of Appeals later lifted the freeze on some accounts, subject to conditions.

Suweco supplies power through a 30-year contract with First Catanduanes Electric Cooperative Inc., while STEC has a 15-year distribution deal with Tablas Island Electric Cooperative Inc.

"In addition, subsidy support under the Universal Charge for Missionary Electrification (UCME) is already being made available to help sustain plant operations. Based on the latest update by the National Power Corp., funds for Suweco are now ready for pickup, while the next UCME payment releases are also being finalized," Garin said.

Airline fuel surcharge soars due to Iran war

THE Civil Aeronautics Board (CAB) on Wednesday said that the fuel surcharge for passenger and cargo flights has soared to Level 19 for the April 16-30 period — from the previous Level 8 in April 1-15 — due to the Iran war.

Passengers will be paying an additional P627 to P1,834 in fuel fees for domestic flights, depending on flight distance.

The costs are from P2,070.77 to P15,397.15 for passengers of international flights, likewise according to distance.

For domestic cargo flights, customers will pay P3.22 to P9.43, while international cargo flights will charge P10.65 to P79.15.

Due to the Middle East conflict, CAB said it will continue with its 15-day price monitoring and implementation cycle for passenger and cargo fuel surcharges for domestic and international flights, instead of the one-month cycle.

This will be in effect until the situation stabilizes, or it could be revised or revoked accordingly.

Fuel surcharges are an additional, often variable fee added to transportation, shipping, or travel costs to offset volatile fuel prices.

Asked for comment, AirAsia Philippines said: "With the ongoing geopolitical uncertainty, our operational cost base has significantly exceeded initial forecasts, as global jet fuel prices have surged to more than double 2025 levels.

"While rising fuel costs continue to impact airline business models built on affordable fares, we will continue to find ways to keep travel as accessible as possible without compromising the safety and reliability of our flights."

At press time, Philippine Airlines and Cebu Pacific have not issued their respective statements.

ED PAOLO SALTING

Farm-to-market road projects deferred by DA

THE Department of Agriculture (DA) has postponed the procurement process for its farm-to-market road (FMR) projects until May due to costing issues, Undersecretary Arrey Perez said on Wednesday.

The problem is high fuel prices which is delaying the final costing of the projects.

The DA is working with the Department of Public Works and Highways (DPWH) to standardize the price per kilometer of the roads, Perez said, adding that they are also finalizing the bidding parameters for the project.

Despite the delay, the projects are still on track since the budget is valid for two years, Perez pointed out.

"It is really standard that our FMR infrastructure begins in the second or third quarter and finishes by the second year," he said.

Meanwhile, DA Assistant Secretary Arnel de Mesa stressed the importance of proper costing. "If we insist [on proceeding] with the previous prices, that will just fail in the bidding. So we need to fix it to ensure that procurement and implementation will be successful," he said.

This year, the DA took over the implementation of FMR projects from DPWH, which had been embroiled in a corruption scandal from flood control and other infrastructure projects.

The 2026 General Appropriations Act allotted P33 billion to construct 2,300 kilometers of FMRs.

For now, Perez said the DA is validating the projects based on the coordinates in the general provisions of the national budget, as well as a detailed engineering plan and program of works.

Implementation of existing FMR projects is ongoing, Perez said.

GISELLE JORDAN

PH-Canada free trade talks move forward

THE second round of negotiations for the free trade agreement (FTA) between the Philippines and Canada has been successfully concluded, the Department of Trade and Industry-Foreign Trade Service Corps (DTI-FTSC) said on Wednesday.

This will be the country's first FTA in North America.

Negotiations were held on April 13-17 in Mandaluyong.

"As the Philippines positions itself to secure its first official trade agreement with a North American country, the negotiations mark a significant milestone in fostering economic cooperation and strengthening trade and investment relations between the two countries," DTI-FTSC said.

"We achieved substantial progress in almost all the text-based negotiations," Trade Undersecretary Allan Gepty told *The Manila Times* in a text message. "We are on track with our target to conclude the negotiations this year."

The second round covered all chapters, Gepty said.

These include competition policy, customs and trade facilitation, digital trade, dispute settlement, economic and technical cooperation, environment, exceptions and general provisions, financial services, good regulatory practices, government procurement, intellectual property, investment, rules of origin, sanitary and phytosanitary measures, small and medium enterprises, state-owned enterprises, technical barriers to trade, telecommunications services, temporary movement of business persons, trade in goods, trade in services, transparency and anti-corruption.

The third round will be held in Ottawa, Canada, in May.

As of 2025, bilateral merchandise trade between the two countries totaled $2.14 billion, with exports reaching $1.31 billion and imports $840 million.

Canada ranks 16th among the Philippines' trading partners.

Canada's top exports include mineral ores, meat, cereals, wood, machinery, electronics, fertilizers, and aircraft and parts.

Meanwhile, its imports from the Philippines are electronics, machinery, animal and vegetable oils, leather and rubber products, scientific instruments and vegetable preparations.

"The Philippines stands not only as a trading partner, but as a strategic gateway, an economy with strong growth fundamentals, a dynamic workforce and an advantage position within Asean," Gepty said.

Currently, the country has FTAs with Japan, Korea, the United Arab Emirates and the European Free Trade Association.

CHYNNA GRACE ONG

RPT not a prerequisite to LBT payment

MORE TO FOLLOW (MTF)

KAETH LOUIS C. ESTRADA

BUSINESSES frequently face challenges when applying for business permits and paying local business taxes (LBT). Before a local government unit issues or renews permits or accepts LBT payments from a business, it will require the submission of specific documents.

In the case of Municipality of Pagbilao vs. Team Energy Corporation, the Sangguniang Panlalawigan of Quezon Province issued Resolution 2007-359, which required all business permit applicants to present a municipal treasurer's certification that their real property tax payments are updated before the permit is issued.

The province also issued Resolution 2016-244, which approved Provincial Ordinance 2016-60, otherwise known as "The 2016 Revenue Code of the Province of Quezon." The municipality of Pagbilao used these resolutions as basis to refuse LBT payments by the respondent corporation.

In this case, the corporation declared its gross receipts for 2017, with 70 percent attributable to Pagbilao, in relation to its annual LBT payment. The assistant municipal treasurer issued a statement of account for 2018, that imposed LBT to be paid quarterly. The corporation tendered its payments, but these were refused by the municipal treasurer. Throughout 2018, the corporation made repeated attempts to pay the quarterly installments. However, the municipal treasurer repeatedly refused to accept these payments, thereby resulting in the imposition of surcharges and penalties.

According to the municipality, it was proper to refuse the payments because the corporation failed to present proof of updated RPT payments under Resolutions 2007-359 and 2016-244 or the 2016 Provincial Revenue Code. They alleged that, based on these resolutions, they may refuse an LBT payment when there is no proof that the RPT was paid.

The corporation maintained that the refusal of the municipality, which resulted in the imposition of surcharges and penalties, was unwarranted and without legal basis. It argued that the resolution pertained to the issuance of business permit (or Mayor's permit) and not LBT payment.

The CTA Division, in its ruling, held that the Local Government Code of 1991, as amended, Resolution 2007-359 and the 2016 Provincial Revenue Code yielded no requirement that RPT is a prerequisite to the payment

➤ MTF B3

The end of fragmented marketing

MANAGEMENT ACTION

REYNALDO C. LUGTU JR.

I HAVE been watching how organizations try to fix their marketing problem, and most of them are solving the wrong issue. They think they need more channels, more tools, more creative ideas. But what I see on the ground is different. The real issue is fragmentation. Too many platforms that do not talk to each other. Too many decisions made in silos. Too much activity that does not translate to real results.

This is where the shift is happening, quietly. Not through big announcements but through how work is actually getting done. Marketing is starting to behave less like a campaign machine and more like a system that runs continuously. It listens, reacts and adjusts. And when that happens, organizations begin to change from the inside.

One thing that stood out to me is how much time people spend outside the usual platforms that brands focus on. We often assume that social media dominates everything, but that is not the full picture. A large share of attention sits across the open internet. Streaming, gaming, reading, browsing. These moments are scattered, but they add up. Yet, many companies still concentrate their spend in a narrow space, missing where real engagement happens.

Many organizations slowly wake up to this. When they do, they are forced to rethink how they reach customers. It is no longer about placing ads in one or two channels. It is about following the customer across devices and moments. A person might see a message on a connected TV at night, then encounter the same brand on mobile the next day. Done well, it feels natural. If done poorly, it feels repetitive and annoying.

This is where platforms like

➤ Management Action B3

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usinessWorld THURSDAY, APRIL 23, 2026 EDITOR BETTINA FAYE V. ROC

Banking&Finance

BPI stays bullish on loan growth despite economic hit from war

K of the Philippine Islands can still reach its 12-13% growth target for this year as they expect the Middle conflict's inflation impact consumption and economic ity, which could affect de- d for credit.

ight now, I still think that 3% is achievable. Whatever original target was, I don't to change it yet. My view is it ticker shock — people react, le adjust. There will be some le who will be hurt. But there be some people who will do y well. So, we'll just have to st," BPI President and Chief utive Officer Jose Teodoro mcaoco told reporters on the ines of a briefing on Monday.

PI's total loans increased by % year on year to P2.6 trillion e first quarter.

ouble-digit credit growth for ull year remains possible as applications have not weak- despite the conflict, Mr. aoco said.

However, the bank is still looking to tighten its credit standards to reduce the impact of the crisis on its asset quality.

"It's hard to tell because as of now, we haven't seen any weakening in the applications. But for us, it might mean we will tighten credit standards, we'll approve less, but we might approve bigger amounts for the better creditors," he said.

The bank will continue to grow its consumer loan book but take a cautious stance even as the conflict is expected to have an adverse impact on economic activity.

"We just grow it as prudent as we think we should grow it. We'll invest in the resources, in the distribution, to grow it. You'll see that we are spending a lot on marketing because that's what consumers react to. Now if we want to dial down the consumer growth, then we'll dial down marketing expenses. So, there's no real target. If we can continue to grow it profitably, we will," Mr. Limcaoco said.

Meanwhile, potential monetary tightening by the central bank to keep inflation under control amid the oil shock could hit BPI's profit in the short term as it could push up funding costs but improve asset yields in the long term, he said.

"Over the long term, obviously our asset yields will rise because 70% of our book are corporate loans, and half of them are repriceable. But they reprice on average of three to six months. So, that will improve yields, but it will take time. On average, it will take six months before that whole thing feeds through. The immediate effect though is the opposite because time deposits will rise. But for us, our time deposits comprise maybe 30% of our funding."

BPI's net interest margins (NIM) could narrow slightly within the first month after a rate hike before loans are repriced, he said.

"Theoretically, as policy rates rise, our NIMs expand. As policy rates fall, they contract. But the immediate effect is the opposite."

The bank's growing consumer loan exposure keeps the bank stable despite interest rate changes as the sector is not as reactive to rates compared to corporate loans, he added.

The Bangko Sentral ng Pilipinas has said that it continues to monitor the Middle East conflict and its impact on the economy, adding that it is ready to act to combat price risks and keep inflation expectations anchored to curb second-order effects.

BPI's net income rose by 1.7% to P16.9 billion in the first quarter, backed by continued growth in its loan portfolio and strong fee-based earnings, it reported earlier this week.

Its shares closed at P96.60 each on Wednesday, rising by P1.20 or 1.23% from Tuesday's finish. — **Aaron Michael C. Sy**

Banks' assets grow to P29 trillion as of Feb.

LIPPINE BANKS' total assets by 8.33% at end-February as continued to grow their loan folios, Bangko Sentral ng Pilipi- (BSP) data showed.

anks' combined assets increased *29.196 trillion as of February* from 85 trillion in the same period last

onth on month, the sector's total s also inched up by 0.29% from 1 trillion as of January.

Banks' assets are mainly supported by deposits, loans, and investments. These include cash and due from banks as well as interbank loans receivable (IBL) and reverse repurchase (RRP) net of allowances for credit losses.

Asset growth "reflects continued loan growth, deposit expansion, and asset accumulation, supported by still-resilient domestic demand and financial intermediation," John Paolo R. Rivera, a senior research fellow at the Philippine Institute for Development Studies, said via Viber.

"For the rest of 2026, asset growth is expected to continue but at a more moderate pace. Higher interest rates, inflation, and external uncertainties may temper credit demand and risk-taking," he said. "Our banking system remains stable, with growth likely to be steady but more cautious moving forward."

Assets, S2/3

SP REFERENCE RATES

WEDNESDAY, APRIL 22, 2026

ncy	Equivalent of foreign currency in US Dollar	Equivalent of US$1 in foreign currency	Equivalent of foreign currency in Ph peso	Equivalent of PhP in foreign currency	Equivalent of foreign currency in EURO	Equivalent of EURO in foreign currency
ertible currencies with BSP						
llar	1.000000	1.000000	59.9510	0.016680	0.851644	1.174200
ese yen	0.006274	159.387950	0.3761	2.658867	0.005343	187.160771
und	1.350700	0.740357	80.9758	0.012349	1.150315	0.869327
kong dollar	0.127704	7.830608	7.6560	0.130617	0.108758	9.194726
franc	1.280574	0.780900	76.7717	0.013026	1.090593	0.916932
dian dollar	0.732011	1.366100	43.8848	0.022787	0.623413	1.604073
pore dollar	0.785299	1.273400	47.0795	0.021241	0.668795	1.495226
alian dollar	0.714900	1.398797	42.8590	0.023332	0.608840	1.642468
in dinar *	2.652520	0.377000	159.0212	0.006288	2.259002	0.442673
it dinar	N/A	N/A	N/A	N/A	N/A	N/A
Arabia rial	0.266638	3.750403	15.9852	0.062558	0.227081	4.403715
ei dollar	0.782228	1.278400	46.8954	0.021324	0.666180	1.501096
esia rupiah	0.000058	17241.3793	0.0035	285.714286	0.000049	20408.163265
and baht ****	0.031066	32.189532	1.8624	0.536942	0.026457	37.797180
E. Dirham	0.272257	3.673000	16.3221	0.061267	0.231866	4.312836
J. euro	1.174200	0.851644	70.3945	0.014206	1.000000	1.000000
Korea won	0.000673	1485.884101	0.0403	24.813896	0.000573	1745.200698
yuan **	0.146379	6.831581	8.7756	0.113952	0.124663	8.021626
rs (Not Convertible with BSP)						
ntina peso	0.000728	1373.626374	0.0436	22.935780	0.000620	1612.903226
real	0.201877	4.953511	12.1027	0.082626	0.171927	5.816422
ark kroner	0.157114	6.364805	9.4191	0.106167	0.133805	7.473562
rupee	0.010697	93.484154	0.6413	1.559333	0.009110	109.769484
sia ringgit	0.253293	3.947997	15.1852	0.065854	0.215715	4.635746
o new peso	0.057760	17.313019	3.4628	0.288784	0.049191	20.328922
Zealand dollar	0.589100	1.697505	35.3171	0.028315	0.501703	1.993211
ay kroner	0.107265	9.322705	6.4306	0.155506	0.091352	10.946668

Term deposit yield edges up on BSP hike bets

THE CENTRAL BANK'S one-week term deposits fetched a slightly higher average yield on Wednesday ahead of an expected rate hike by the Monetary Board and amid continued uncertainty over the Middle East war.

The Bangko Sentral ng Pilipinas' (BSP) seven-day term deposit facility (TDF) drew P94.191 billion in tenders, more than the P80-billion plan but below the P159.177 billion in bids for a P70-billion offer last week.

This translated to a bid-to-cover ratio of 1.1774 times, lower than 2.274 a week ago.

Still, the BSP fully awarded its offering, albeit with a slightly higher average rate.

Accepted yields for the one-week papers widened to the 4% to 4.2599% range from the 4% to 4.215% margin in the previous auction. This resulted in a weighted average accepted rate of 4.2063%, 0.99

NOTICE OF ANNUAL STOCKHOLDERS' MEETING
OF
SHANG PROPERTIES, INC.

To be held on 22 June 2026 at 10:00 A.M.

To All Stockholders:

Please be advised that the Annual Meeting of the Stockholders of **SHANG PROPERTIES, INC.** (the **"Corporation"**) will be held on 22 June 2026 at 10:00 A.M. at the Garden Ballroom, Edsa Shangri-La Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City.

The Agenda of the meeting is set forth below:

1) Call to Order
2) Certification of Notice and Quorum
3) Approval of the Minutes of the Annual Meeting of the Stockholders held on 17 June 2025
4) Report of Management
5) Ratification of Acts of Management and the Board of Directors
6) Election of the Board of Directors for the year 2026-2027
7) Election of External Auditors
8) Other Matters
9) Adjournment

The Board of Directors has fixed the close of business hours on **23 May 2026** as the record date for the determination of the stockholders in good standing entitled to notice of and to vote at such meeting.

Minutes of the Stockholders' Meetings and SEC Form 17-A (Annual Report) for the year ended 31 December 2025 as well as the resolutions of the Board of Directors, will be available for examination during office hours at the office of the Corporate Secretary and at the Corporation's website at http://www.shangproperties.com and at the PSE Edge.

In case you cannot personally attend the meeting, you may send a proxy to represent you. Proxies must be filed with and received by the office of the Corporate Secretary of the Corporation before the date set for the annual meeting. In the absence of a written specification to the contrary, proxies in favor of, or which may be voted by, the management, will be in favor of the nominees of the management in the election of directors of the Corporation.

Mandaluyong City, Metro Manila, 15th day of April 2026.

BY ORDER OF THE BOARD OF DIRECTORS
OF SHANG PROPERTIES, INC.

FEDERICO G. NOEL, JR.
Corporate Secretary

AGENDA ITEMS

1) Call to Order

2) Certification of Notice and Quorum

The Chairman will call upon the Secretary to present proof that notice of the meeting was sent out to all concerned shareholders of record in accordance with the By-Laws of the Corporation and the relevant rules of the Securities and Exchange Commission ("SEC") and to report on the attendance of the meeting. If there are present in person or by proxy stockholders representing at least majority of the outstanding capital stock of the Corporation entitled to vote, the meting shall proceed to take up the business at hand.

3) Approval of the Minutes of the Annual Meeting held on 17 June 2025.

The Stockholders will be asked to approve the Minutes of the Annual Meeting of Stockholders held on 17 June 2025.

4) Report of Management

The Chairman will present the Report of Management to the stockholders.

5) Ratification of Acts of Management and the Board of Directors for the year 2026-2027.

The Chairman will submit for the consideration and ratification of stockholders all acts and/or resolutions of the Board of Directors and Management of the Corporation for the last Annual Shareholders' meeting up to the present stockholders' meeting.

6) Election of the Board of Directors for the year 2026-2027.

Pursuant to the Amended By-Laws of the Corporation, the stockholders present representing at least a majority of the outstanding capital stock of the Corporation entitled to vote, shall elect the Independent Directors and Regular Directors of the Corporation's Board of Directors to serve for the fiscal year 2026-2027 and until their successors are qualified and elected.

The following are the qualified nominees to the Board of Directors for the year 2026-2027:

Edward Kuok Khoon Loong
Maureen Alexandra R. Padilla
Benjamin Ivan S. Ramos
Antonio O. Cojuangco
Cynthia R. Del Castillo
Maximo G. Licauco III
Wolfgang Krueger
Cheng Wai Sin
Maria Rochelle S. Diaz
Karlo Marco P. Estavillo

7) Election of External Auditors

The Stockholders shall vote upon the appointment of the Company's External Auditors for the fiscal year 2026-2027.

8) Other Matters

The meeting will be opened to the discussion of other matters that may be brought up by the stockholders.

9) Adjournment

COVER SHEET

1	4	5	4	9	0

S.E.C. Registration Number

SHANG PROPERTIES, INC.

(Company's Full Name)

ADMIN OFFICE, SHANGRI-LA PLAZA
EDSA COR. SHAW BLVD, MANDALUYONG

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

Contact Person

Company Telephone Number

12	31
Month	Day

Fiscal Year

SEC FORM 17-Q

FORM TYPE

Any day in June

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

5,066 (As of March 31, 2026)	Php 18.095B (As of March 31, 2026)	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

LCU

CASHIER

i) SEC Number: 145490

File Number: ________

SHANG PROPERTIES, INC.

(Company's Full Name)

Admin Office, Shangri-La Plaza
EDSA cor. Shaw Boulevard, Mandaluyong City

(Company Address)

(632) 8370 3700

(Telephone Number)

March 31, 2026

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

-

(Amendments)

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(All amounts in thousands of Philippine Peso)

	Notes	Unaudited March 31, 2026	Audited December 31, 2025
Assets			
Current assets			
Cash and cash equivalents	3	3,389,199	4,470,198
Financial assets at fair value through profit or loss	4	37,725	37,334
Trade and other receivables, net	5	5,143,744	5,267,272
Properties held for sale	6	9,547,949	9,280,594
Prepaid taxes and other current assets	7	6,346,314	5,361,030
Total current assets		24,464,930	24,416,427
Non-current assets			
Investments in and advances to associates and a joint venture	8	8,633,849	8,953,153
Investment properties	10	50,661,184	50,080,177
Financial assets at fair value through other comprehensive income	11	849,868	849,868
Property and equipment, net	12	9,568,142	9,668,938
Goodwill		269,871	269,871
Deferred income tax assets		198,536	123,129
Other non-current assets	13	2,216,278	2,242,724
Total non-current assets		72,397,728	72,187,860
Total assets		96,862,658	96,604,287
Liabilities and Equity			
Current liabilities			
Accounts payable and other current liabilities	14	6,559,995	6,554,527
Current portion of:			
Bank loans	15	3,522,000	4,522,000
Deposits from tenants	16	905,258	833,912
Deferred lease income	16	128,711	124,416
Income tax payable		481,242	241,673
Dividends payable		91,796	92,076
Total current liabilities		11,689,002	12,368,605
Non-current liabilities			
Installment payable - net of current portion		318,066	318,066
Retirement benefit liability		204,080	108,470
Bank loans, net of current portion	15	14,573,000	14,573,000
Deferred income tax liabilities, net		8,461,667	8,457,335
Advance rental, net of current portion		140,812	140,812
Deposits from tenants, net of current portion	16	606,433	593,188
Deferred lease income, net of current portion	16	19,203	22,340
Total non-current liabilities		24,323,261	24,213,212
Total liabilities		36,012,263	36,581,817
Equity			
Share capital		4,764,059	4,764,059
Share premium		834,440	834,440
Treasury shares		(6,850)	(6,850)
Equity reserves		(141,133)	(141,133)
Other comprehensive income		334,193	334,193
Retained earnings		49,081,852	48,197,743
Total equity attributable to shareholders of the Parent Company		54,866,561	53,982,451
Non-controlling interests	9	5,983,834	6,040,019
Total equity		60,850,395	60,022,470
Total liabilities and equity		96,862,658	96,604,287

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

(All amounts in thousands of Philippine Peso)

	UNAUDITED FOR THE THREE (3) MONTHS ENDED 31-March-26	31-March-25
REVENUES		
Condominium sales	1,022,843	780,086
Rental and cinema	900,271	834,587
Hotel operations	1,266,955	1,205,798
	3,190,069	2,820,470
COST OF SALES AND SERVICES		
Cost of condominium sales	635,256	520,781
Cost of rental and cinema	36,632	24,447
Cost of hotel operations	570,484	551,251
	1,242,371	1,096,479
GROSS PROFIT	1,947,698	1,723,991
OPERATING EXPENSES		
General and administrative	758,996	718,817
Taxes, licenses and fees	100,301	68,901
Depreciation	7,601	8,843
Insurance	11,391	11,798
	878,288	808,358
OTHER INCOME		
Foreign exchange gains-net	(3,116)	(9,149)
Other income - net	80,306	111,152
	77,190	102,003
Income from operations	**1,146,600**	**1,017,636**
Finance income, net		
Finance Income	18,907	29,183
Finance Costs	(32,938)	(11,153)
	(14,031)	18,030
SHARE IN PROFIT (LOSS) OF ASSOCIATES AND A JOINT VENTURE	180,838	356,688
INCOME BEFORE INCOME TAX	**1,313,408**	**1,392,354**
Income tax benefit (expense)	(234,905)	(207,610)
NET INCOME FOR THE YEAR	1,078,502	1,184,745
OTHER COMPREHENSIVE INCOME		
Translation adjustments	-	-
Remeasurement gain (loss) on retirement benefit obligation, net of tax	-	-
NET INCOME ATTRIBUTABLE TO:		
Shareholders of the Parent company	884,110 ✓	1,008,772 ✓
Non-controlling Interest	194,392	175,973
	1,078,502	1,184,745
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	**0.186**	**0.212**

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(All amounts in thousands of Philippine Peso)

	Shareholders of the Parent Company							
	Capital stock	Additional paid-in capital	Treasury Stock	Equity Reserves	Other Components of Equity	Retained earnings	Non-controlling Interest	Total
Balance as of 1 January 2025	4,764,059	834,440	(6,850)	(141,133)	301,867	45,480,205	6,074,116	57,306,704
Cumulative translation adjustment					28,410		(387,967)	(359,557)
Cash dividends						-	(179,879)	(179,879)
Net income for the period						1,008,771	175,973	1,184,744
Balance as of 31 March 2025	4,764,059	834,440	(6,850)	(141,133)	330,277	46,488,976	5,682,243	57,952,012
Balance as of 1 January 2026	4,764,059	834,440	(6,850)	(141,133)	334,193	48,197,743	6,040,019	60,022,470
Cumulative translation adjustment					-		(91,629)	(91,629)
Cash dividends						-	(158,948)	(158,948)
Net income for the period						884,110	194,392	1,078,502
Balance as of 31 March 2026	4,764,059	834,440	(6,850)	(141,133)	334,193	49,081,852	5,983,834	60,850,395

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands of Philippine Peso)

	Unaudited March 31, 2026	Unaudited March 31, 2025
Cash flows from operating activities		
Income before provision for income tax	1,313,408	1,392,354
Adjustments for:		
Depreciation and amortization	7,601	8,843
Dividend Income	-	-
Interest expense	32,075	10,770
Retirement benefit expense	95,609	(94,540)
Loss on fair value adjustment of financial assets at fair value through profit or loss	(392)	1,940
Cumulative translation adjustment	-	(28,410)
Share in net profits of associates and a joint venture	180,838	356,688
Unrealized foreign exchange gain	(3,116)	(9,149)
Interest income	(18,907)	(29,183)
Operating income before working capital changes	1,607,116	1,609,313
Changes in working capital:		
Trade and other receivables	123,528	412,100
Properties held for sale	(267,355)	(288,927)
Prepaid taxes and other current assets	(985,284)	(423,786)
Other non-current assets	(48,961)	222,808
Accounts payable and other current liabilities	27,085	(128,373)
Accrued employee benefits	95,609	(95)
Deposits from tenants	(85,748)	
Net cash generated from (used in) operations	465,991	1,403,040
Income tax paid	(4,663)	(201,704)
Interest received	(31,592)	29,724
Net cash provided by (used in) operating activities	429,736	1,231,060
Cash flows from investing activities		
Additions to:		
Investments in and advances to associates and a joint venture	138,466	(561,154)
Investment properties	(581,008)	(504,036)
Property and equipment	(3,079)	(131,792)
Dividends received	-	-
Proceeds from sale of property and equipment	10,050	-
Net cash used in investing activities	(435,571)	(1,196,982)
Cash flows from financing activities		
Payments of:		
Loan principal	(1,000,000)	-
Interest	(22,096)	(10,255)
Cash dividends payable (paid) to:		
Shareholders	-	(304,333)
Non-controlling shareholders of subsidiaries	(56,185)	(15,879)
Proceeds from loan availment, net of debt issue costs	-	-
Net cash used in financing activities	(1,078,280)	(330,467)
Net increase (decrease) in cash and cash equivalents for the period	(1,084,116)	(296,289)
Cash and cash equivalents at beginning of the period	4,470,198	3,171,640
Effects of exchange rate changes on cash and cash equivalents	3,116	9,149
Cash and cash equivalents at end of the period	3,389,199	2,884,400

(See accompanying notes to unaudited consolidated financial statements)

Note 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.

Note 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 P2.53B, 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 of and for the period ended March 31, 2026 are as follows:

In Php'000s	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	1,022,843				1,022,843		1,022,843
Rental and cinema	38,075		958,071		996,147	(95,875)	900,271
Hotel operation		1,266,955			1,266,955		1,266,955
Cost of sales and services					-		-
Condominium sales	(635,256)				(635,256)		(635,256)
Rental and cinema			(36,632)		(36,632)	-	(36,632)
Hotel operation		(570,484)			(570,484)		(570,484)
Gross profit (loss)	425,662	696,471	921,440	-	2,043,573	(95,875)	1,947,698
Operating expenses	(229,401)	(258,870)	(535,210)	(21,831)	(1,045,311)	167,023	(878,288)
Other income (expense)	72,622	6,934	1,002,780	445,509	1,527,844	(1,431,747)	96,097
Share in net income of associates and a joint venture	-	180,838	-	-	180,838	-	180,838
Interest expense and bank charges	(459)	(31,421)	(1,043)	(15)	(32,938)	-	(32,938)
Income before income tax	268,424	593,953	1,387,967	423,663	2,674,007	(1,360,599)	1,313,408
Income tax expense (benefit)	(64,434)	(110,147)	(59,744)	(581)	(234,905)	-	(234,905)
Net income for the year	203,990	483,806	1,328,223	423,082	2,439,101	(1,360,599)	1,078,502
Segment assets	25,177,138	7,836,057	89,869,133	1,927,647	124,809,974	(36,581,166)	88,228,809
Associate and joint venture companies (Note 8)				8,633,849	8,633,849		8,633,849
Total assets	25,177,138	7,836,057	89,869,133	10,561,496	133,443,824	(36,581,166)	96,862,658
Segment liabilities	18,980,980	1,234,691	39,757,112	7,185,025	67,157,809	(31,145,546)	36,012,263
Capital expenditures for the year (Notes 10 and 12)	482	2,032	565	-	3,079	-	3,079

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

In Php'000s	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 (loss)	1,372,565	2,462,360	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 (expense)	277,398	28,821	4,719,430	889,750	5,915,400	(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	1,462,805	7,763,353	809,436	10,853,507	(5,192,340)	5,661,168
Income tax expense (benefit)	(236,306)	(363,732)	(355,512)	(3,851)	(959,401)	(40,637)	(1,000,038)
Net income for the year	581,607	1,099,073	7,407,841	805,585	9,894,107	(5,232,977)	4,661,130
Segment assets	24,471,674	8,217,635	88,998,765	1,591,614	123,279,688	(35,628,554)	87,651,134
Associate and joint venture companies (Note 8)				8,953,153	8,953,153		8,953,153
Total assets	24,471,674	8,217,635	88,998,765	10,544,767	132,232,842	(35,628,554)	96,604,287
Segment liabilities	17,673,908	1,239,614	40,141,027	7,591,378	66,645,928	(30,064,111)	36,581,817
Capital expenditures for the year (Notes 10 and 12)	24,837	48,984	29,586	107	103,514	-	103,514

Note 3 - Cash and cash equivalents

Cash and cash equivalents consist of:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash on hand	3,557	5,442
Cash in banks	1,346,790	1,425,603
Cash equivalents	2,038,852	3,039,153
	3,389,199	4,470,198

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 from Short Term Investment amounted to P10.6M and 135.0M for the three (3) months ended March 31, 2026 and the year ended December 31, 2025, respectively.

Note 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 three (3) months ended March 31, 2026 and the year ended December 31, 2025 respectively are as follows:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
At beginning of period	37,334	32,895
Gain (Loss) on fair value adjustment	391	4,439
At end of period	37,725	37,334

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.

Note 5 – Trade and Other Receivables, net

Trade and other receivables, net, as at March 31, 2026 and December 31, 2025 consist of:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade		
Installment contracts receivable	2,357,687	2,682,795
Rent	291,863	290,145
Receivables from guests and concessionaires	357,951	237,292
Non-trade		
Related parties	2,692,590	2,692,590
Advances to officers and employees	2,081	6,372
Interest	67,252	16,753
Others	136,172	106,372
	5,905,597	6,032,319
Allowance for impairment of receivables	(761,854)	(765,047)
	5,143,744	5,267,272

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.

Note 6 - Properties held for sale

Properties held for sale consist of:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Condominium units held for sale	1,002,193	1,222,132
Construction in-progress	8,545,756	8,058,461
	9,547,949	9,280,593

Critical accounting judgment - Estimation of net realizable value 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 March 31, 2026 and December 31, 2025. Accordingly, no write-down is deemed necessary.

Critical accounting estimates - Estimation of percentage-of-completion of the Group's projects

Revenue from condominium sales is recognized based on the percentage of completion in accordance with the guidance set in PFRS 15, Revenue from contracts with customers, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. PoC is calculated with reference to different determinants of completion including actual physical completion as well as cost incurred and/or paid. The process of calculating PoC involves a significant degree of estimates and requires technical assessments by experts and consultants who specializes in PoC computations. Management believes that revenue from condominium sales reported in the statement of total comprehensive income best reflects the PoC of the projects as at reporting date.

The Group's on-going projects and their PoC as at the following dates are as follows:

Projects	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Shang Residences at Wack Wack	100%	100%
Laya by Shang	38%	36%
Shang Summit	22%	21%
Shang Bauhinia Residences	17%	14%

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.

Note 7 - Prepaid taxes and other current assets

Prepaid taxes and other current assets consist of:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Advances to contractors and suppliers	3,829,017	3,237,083
Creditable withholding tax (CWT)	770,276	640,793
Input value added tax (VAT)	692,296	626,763
Prepaid commission	695,921	590,918
Prepaid property tax	0	28,609
Prepaid insurance	41,064	14,851
Deferred input VAT	3,882	3,756
Other prepaid expenses	313,857	218,257
	6,346,313	5,361,030

Advances to contractors and suppliers pertain to down payment made by the Group for the construction and development of its condominium properties. 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 the withholding agents from payments to the Group which can be applied against the income tax payable.

Prepaid commission represents advance commission paid to property consultants and brokers based on the percentage of completion of the project sold. This account is treated as a fulfilment cost under PFRS 15, Revenue from contracts with customers, and therefore amortized as an expense.

Input VAT represents tax paid to suppliers that can be claimed as credit against the future output VAT liabilities without prescription.

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.

Note 8 - Investments in and advances to associates and a joint venture

Investment in an associate and a joint venture consists of:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Investment in a joint venture		
At January 1	8,567,924	7,260,375
Share in net income	180,838	1,353,587
Others	(500,142)	(46,038)
Ending Balance	8,248,62	8,567,924
Advances to a joint venture	385,096	385,096
Investments in various associates		
Acquisition costs	133	133
	8,633,849	8,953,153

(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 (later 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), JVC. 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 commons shares at P1 per share.

SRPI is engaged in: (i) the business of developing properties into mixed-use developments, (ii) the marketing and sale of the residential condominium units in the project, (iii) and the lease of serviced apartment units and/or commercial units in the project.

SRPI launched Aurelia Residences, it's first project, in 2019. As at March 31, 2026, the Aurelia Residences Projects is 99% complete (2025-98%). 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 March 31, 2026, Haraya Residences – South Tower is 43% completed (2025-39%) while the North Tower is 38% completed (2025-35%).

In the first quarter of 2026, the Group's share in net income of the joint venture amounted to P180.1M (2024–P356M).

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 P3.8M in the first quarter of 2026 (2025 full year–P86.5M).

(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.

Note 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:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
KSA	29.96%	29.96%
SGCPI	40.00%	40.00%

Note 10 - Investment properties

Details of investment properties as at March 31, 2026 and December 31, 2025 and their movements are as follows:

(All amounts in Php'000s)	Land	Building	Construction in Progress	Total
At January 1, 2025	22,740,884	19,747,977	4,705,554	47,194,415
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
Capitalized subsequent expenditures	-	-	581,007	581,007
At March 31, 2026	22,740,884	19,747,977	8,172,323	50,661,184

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

As at March 31, 2026 and 2025, 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.

Note 11 - Financial assets at fair value through other comprehensive income, net

Financial assets at fair value through other comprehensive income (FVOCI), net as at March 31, 2026 and December 31, 2025 are presented below.

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Unquoted	488,430	488,430
Quoted	9,101	9,101
Acquisition cost	497,531	497,531
Cumulative changes in fair value	352,337	352,337
	849,868	849,868

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 is considered immaterial 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.

Note 12 - Property and equipment, net

Details of property and equipment and their movements during the period are as follows:

(All amounts in Php'000s)	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2026	9,638,766	77,780	7,259,626	16,976,170
Additions			3,079	3,079
Disposals	(6,161)		(3,889)	(10,050)
Reclassification				-
At March 31, 2026	9,632,604	77,780	7,258,815	16,969,200
Accumulated depreciation and amortization				
At January 1, 2026	1,991,942	55,766	5,259,524	7,307,232
Depreciation and amortization	71,796	1,792	30,288	103,876
Disposals	(6,161)	-	(3,889)	(10,050)
Reclassification	-	-	-	-
At March 31, 2026	2,057,577	57,558	5,285,923	7,401,058
Cost				
At January 1, 2025	9,622,473	78,395	7,197,984	16,898,853
Additions	18,345	3,974	81,196	103,515
Adjustments		-		-
Disposals	(2,054)	(4,590)	(19,554)	(26,198)
At December 31, 2025	9,638,765	77,780	7,259,626	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
Net book values at				
At March 31, 2026	7,575,221	22,836	1,970,085	9,568,142
At December 31, 2025	7,646,823	22,014	2,000,101	9,668,938

The Group has no restrictions on the realizability of its property and equipment and no contractual obligations to purchase, construct or develop property and equipment or for repairs, maintenance and enhancements.

Note 13 - Other non-current assets

Other non-current assets as at March 31, 2026 and December 31, 2025 consist of:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Advances to contractors and suppliers, noncurrent	1,214,214	1,251,968
Installment contracts receivable, noncurrent	911,590	912,700
Refundable deposits	45,768	53,508
Retirement benefit asset	1,317	1,022
Other non-current assets	43,388	23,526
	2,216,278	2,242,724

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.

Note 14 - Accounts payable and other current liabilities

Accounts payable and other current liabilities consist of:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade:		
Accounts payable	1,737,801	1,002,796
Advance rentals	116,244	121,827
Accrued expenses	1,917,631	1,971,626
Customers' deposits from:		
Condominium sales	966,535	701,399
Hotel guests	21,373	255,718
Retention payables	1,034,285	1,181,499
Contract liabilities	142,476	496,171
Payable to contractors and suppliers	-	95,800
Non-trade:		
Payable to related parties	148,067	148,067
Deferred output VAT	14,631	40,235
Payable to government agencies	82,600	50,890
Output VAT	366,235	168,854
Others	12,117	319,645
	6,559,995	6,554,527

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 quarter from the end of the reporting period.

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.

<u>Note 15 - Bank loans</u>

Bank loans, net of debt issue costs, consist of:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Current portion	3,522,000	4,522,000
Non-current portion	14,573,000	14,573,000
	18,095,000	19,095,000

Movements in the bank loans are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
At beginning of period	19,095,000	18,095,000
Amortized debt issue cost	-	-
Proceeds from loan availment	-	1,000,000
Payments	(1,000,000)	-
At end of period	18,095,000	19,095,000

Parent Company

Bank loans of the Parent Company as of March 31, 2026 and December 31, 2025 consist of unsecured short term and long-term loans. These are composed of unsecured loans from various banks with interest rates ranging from 4.8% to 5.5% (2025 – 5.8% to 6.0%). The short-term loans have payment terms of 3 to 12 months (2025 – 3 to 12 months).

<u>Note 16 - Deposits from tenants</u>

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.

Note 17 - Equity

Details of share capital and share premium are as follows:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Authorized, at P1 par value per share		
Common shares	8,000,000	8,000,000
Issued and outstanding shares		
Common shares	4,764,059	4,764,059
Share premium	834,440	834,440
	5,598,499	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 March 31, 2026, the Parent Company has 5,066 shareholders (2025 - 5,075).

Note 18 - Financial risk and capital management

18.1 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 periods ended March 31, 2026 and December 31, 2025.

18.1.1 Market risk

(a) Foreign exchange risk

The Group's exposure to 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 periods ended March 31, 2026 and December 31, 2025 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 and FVOCI 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 this 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.

18.1.2 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 March 31, 2026 and December 31, 2025:

	Performing (Level 1)	Under performing (Level 2)	Non-performing (Level 3)	Total
2026				
Current assets				
Cash and cash equivalents	3,389,199	-	-	3,389,199
Trade and other receivables	5,905,597	-	761,854	6,667,451
Financial assets at fair value through profit or loss	37,725	-	-	37,725
Refundable deposits	-	-	-	-
Non-current assets				
Advances to a joint venture	1,990,096	-	-	1,990,096
Refundable deposits	45,768	-	-	45,768
Financial assets at FVOCI	849,868	-	-	849,868
	12,218,254	-	761,854	12,980,108

	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
Trade and other 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

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 March 31, 2026 amounted to P761M (2025 – P765M). 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 counterparty's potential failure to make payments.

(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 property 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 normal credit investigation and checking. References are required to include 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.

Non-trade receivables

The credit exposure on nontrade receivables is minimal as there is no history of default 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 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. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant. Refundable deposits are considered as high performing financial assets.

18.1.3 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.

18.2 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 to support its business and maximize shareholders value.

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

The Group monitors capital using a gearing ratio, which is net debt, including long-term loans less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio is presented below:

(All amounts in Php'000s)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Net debt		
Bank loans	18,095,000	19,095,000
Less: cash and cash equivalents	3,389,199	4,470,198
	14,705,801	14,624,802
Capital		
Total equity	60,850,395	60,022,470
Less: Non-controlling interest	5,983,834	6,040,019
	54,866,561	53,982,451
Gearing ratio	27%	27%

The Group was able to meet its capital management objectives.

18.3 Fair value measurement

The Group follows the fair value measurement hierarchy to disclose the fair value measurements of its financial instruments. The table below summarizes the fair value measurement hierarchy of the Group's assets and liabilities at March 31, 2026 and December 31, 2025:

	Fair value measurement using			
(All amounts in Php'000s)	Quoted prices in active markets (Level I)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2026				
Assets measured at fair value				
Financial assets at fair value through profit or loss	37,725	-	-	37,725
Investment properties:				
Land	-	12,686,608	10,054,276	22,740,884
Buildings	-	11,306,422	16,613,878	27,920,300
Financial assets at FVOCI:				
Quoted	84,450	-	-	84,450
Unquoted	-	-	765,418	765,418
Assets for which fair values are disclosed				-
Financial asset at amortized cost				-
Refundable deposits	-	55,996	-	55,996
Liabilities for which fair values are disclosed				-
Installment payable	-	-	-	-
Deposits from tenants	-	1,511,691	-	1,511,691

	Fair value measurement using			
(All amounts in Php'000s)	Quoted prices in active markets (Level I)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2025				
Assets measured at fair value				
Financial assets at fair value through profit or loss	37,334	-	-	37,334
Investment properties:				
Land	-	12,686,608	8,020,176	20,706,784
Buildings	-	11,306,422	= 18,066,971	29,373,393
Financial assets at FVOCI:				
Quoted	84,450	-	-	84,450
Unquoted	-	-	765,418	765,418
Assets for which fair values are disclosed				-
Financial asset at amortized cost				-
Refundable deposits	-	55,996	-	55,996
Liabilities for which fair values are disclosed				-
Installment payable	-	-	-	-
Deposits from tenants	-	1,685,563	-	1,685,563

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 March 2026 and 2025.

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.65

Note 19 - Summary of significant accounting and financial reporting policies

19.1 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
- 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 19.13)
- Estimation of net realizable value of properties held for sale (Note 6)
- Impairment of non-financial assets (Note 12)
- Contingencies (Note 19.16)
- Classification of leases as operating lease (Note 10)
- Income tax (Note 19.10)

- **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.

19.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2026 and 2025. 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	2026	2025
Property development:		
Shang Properties Realty Corporation (SPRC)	100	100
Shang Property Developers, Inc. (SPDI)	100	100
The Rise Development Corporation, Inc. (TRDCI)	100	100
Shang Wack Wack Properties, Inc. (SWWPI)	100	100
SPI Property Holdings, Inc. (SPI-PHI)	100	100
SPI Land Development, Inc. (SPI-LDI)	100	100
Rapidshare Realty and Development Corporation (RRDC)	100	100
Hotel operation:		
Shang Global City Properties, Inc. (SGCPI)	60	60
Leasing:		
SPI Parking Services, Inc. (SPSI)	100	100
Shangri-la Plaza Corporation (SLPC)	100	100
KSA Realty Corporation (KSA)	70.04	70.04
SPI Property Developers, Inc. (SPI-PDI)	100	100
Real estate:		
Ivory Post Properties, Inc. (IPPI)	100	100
KPPI Realty Corporation (KRC)	100	100
Martin B Properties, Inc. (MBPI)	100	100
New Contour Realty, Inc. (NCRI)	100	100
Perfect Sites, Inc. (PSI)	100	100
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100
Shang Global City Holdings, Inc. (SGCHI)	100	100
Sky Leisure Properties, Inc. (SLPI)	100	100
Property management:		
KPPI Management Services Corporation (KMSC)	100	100
Shang Property Management Services, Inc. (SPMSI)	100	100
Other supplementary business:		
Gipsey, Ltd. (Gipsey)	100	100
Silver Hero Investments Limited (SHIL)	100	100
EPHI Logistics Holdings, Inc. (ELHI)	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.

(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 19.8.

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.

19.3 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.

19.4 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 13) 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 March 31, 2026 and 2025.

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 14), installment payable (Note 14), deposits from tenants (Note 16), dividends payable, and bank loans (Note 15) 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.

19.5 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 19.8.

19.6 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 19.8).

19.7 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.

19.8 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.

19.9 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.

19.10 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.

19.11 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.

19.12 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.

19.13 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.

19.14 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.

19.15 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.

19.16 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.

19.17 Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications did not affect the previously reported profit or total equity.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

Key Performance Indicators

		March 31 2026	2025	Change
Turnover	(Php M)	3,190	2,820	13.1%
Income From Operations *(Before Interest, JV Income and Tax)*	(Php M)	1,147	1,018	12.7%
Profit Attributable to shareholders	(Php M)	884	1,009	-12.4%
Earnings per Share	(Php Ctv)	0.186	0.212	-12.4%
Net Asset Value per share	(Php)	11.517	10.972	5.0%
Debt to Equity Ratio	(Ratio)	0.592	0.592	0.0%

Overview

For the first quarter ended March 31, 2026, the Group achieved growth in consolidated revenues and improvement in operating profitability compared to the same period last year. This performance is driven by residential development, leasing, and hotel operations, disciplined cost management and resulted in a 13% increase in both turnover and operating income. Profits attributable to shareholders declined year-on-year, which was primarily due to lower joint venture income by ₱177M following the completion of the Aurelia Residences project in Q4 2025, and does not reflect any deterioration in core operating performance.

- Turnover: Increased by 13% to ₱3.19B, driven by higher residential sales and improved performance of leasing and hotel operations.
- Income from Operations (before Interest, JV Income, and Tax): Rose by 13% to ₱1.15B, reflecting strong revenue growth and disciplined cost management.
- Profit Attributable to Shareholders: Declined by 12.4% to ₱884.1M, mainly due to lower joint venture contributions following project completion.
- Earnings per Share: Decreased to Php 0.186, in line with the reduction in net income.
- Net Asset Value per Share: Increased by 5.0% to Php 11.517, supported by income generation during the period.
- Debt-to-Equity Ratio: Remained stable at 0.592:1, underscoring the Group's prudent capital structure.

Financial Condition

Total assets of the Group as of March 31, 2026 amounted to ₱96.8B, an increase of ₱258.4M from total assets of ₱96.6B in December 31, 2025. Following are significant movements in assets during the third quarter of the year:

- Cash and Cash Equivalents decreased by P1.1B mainly due to the payment of debt and the use of funds for ongoing property development activities.
- Trade and Other Receivables decreased by ₱123.5M mainly due to collection of sales of condominium units and parking slots of all ongoing projects.

- Properties Held for Sale increased by ₱267.4M mainly due to additional development costs of all ongoing projects.

- Prepaid and Other Current Assets increased mainly due to down payments made to contractors of ongoing projects as downpayment. These will be recouped from future progress billings. Also, included are annual prepaid expenses paid at the beginning of the year and will be amortized monthly.

- Investments in and advances to associates and a Joint Venture decreased by ₱319.3M mainly due to the parent's share in Net Income and Cash Dividend from Shang Robinsons Properties, Inc. for 2026.

- Current ratio is 2.09:1 as of March 31, 2026 from 1.97:1 as of December 31, 2025.

Total liabilities decreased by P569.6M from P36.6B in 2025 to P36.0B in 2026 mainly due to the repayment of Debt amounting to P1B.

Results of Operation

Consolidated net income for the period ended March 31, 2026 amounted to ₱884M, which is lower by 12% from last year's ₱1.0B primarily due to lower joint venture income following the completion of the Aurelia Residences project in Q4 2025.

Turnover increased by ₱369.7M to ₱3.1B in 2026 from ₱2.8B in 2025, mainly due to net effect of the following:

- Increase in condominium revenues by P242.8M, generated higher revenue from various projects, Laya By Shang Properties, Shang Summit and Shang Bauhinia Residences.

- Increase in revenue from rental and cinema by ₱65.7M mainly driven by higher occupancy rates and improved rental yields at Shangri-La Plaza Mall and The Enterprise Center.

- Increase in revenue from hotel operations by ₱61.2M, attributed from higher occupancy rate at Shangri-La the Fort, Manila during the first quarter of 2026 compared with the same period last year.

Total Cost of Sales and Services of the Group amounted to ₱1.2B, higher by ₱145.9M compared with last year's ₱1.1B, in line with increase in the revenue.

Total Operating Expenses of the Group amounted to ₱878.3M, higher by ₱70.0M compared with last year's ₱808.4M. This was mainly due to the net effect of the following:

- Increase in general and administrative expense by P40M is mainly due to annual salary adjustments and inflation.

- Increase in taxes and licenses due to higher Real Property Taxes and Business Taxes due to higher collections/revenue.

Financial Soundness Indicators

	End of March 2026	End of December 2025
Current Ratio[1]	2:09:1	1.97:1
Debt-to-equity ratio[2]	0.59:1	0.61:1
Asset-to-equity ratio[3]	1.59:1	1.61:1
	1Q 2026	**1Q 2025**
Interest rate coverage ratio[4]	40.88	125.85
Return on assets[5]	4.56%	4.38%
Return on equity[6]	7.30%	7.00%

[1]Current assets/current liabilities
[2]Total liabilities/stockholders' equity
[3]Total asset/stockholders' equity
[4]Income before interest and taxes/interest expense
[5]Annualized net income/average total assets[7]
[6]Annualized net income/average stockholders' equity[7]
[7]Annualized net income = 3Q Net income x Average Total Assets = average total assets as of end March 2026 and end of March 2025
Average Stockholders' Equity = average stockholders' equity as of end of March 2026 and end of March 2025

PART II-OTHER INFORMATION

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

- There are no known trends or any known demands, commitments, events or uncertainties that will result in or that will reasonably likely result in the registrant's liquidity increasing or decreasing in any material way.
- 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.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- There are no material commitments for capital expenditures.
- There are no known trends, events or uncertainties that have or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- There are no significant elements of income or loss that did not arise from the registrant's continuing operations.
- There are no material changes in periodical reports.
- There are no seasonal aspects that have a material effect on the financial statements.

Item 3. Other Required Disclosures

A. The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ending December 31, 2025.

B. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

C. There were no materials changes in estimates of amounts reported in prior period that have material effects in the current interim period.

D. Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no other issuances, repurchases and repayments of debt and equity securities.

SHANG PROPERTIES, INC. AND SUBSIDIARIES
AGING OF RECEIVABLES
As of March 31, 2026
Php'000s

TENANTS	TOTAL RECEIVABLES	CURRENT	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90
MALL TENANTS	84,217	10,903	32,165	26,413	14,736	
EDSA SHANGRI-LA HOTEL & RESORT	21,697	11,642	10,056	-	-	-
TSFT COMMERCIAL SPACE	1,092	12	12	12	1,056	
TECC TENANTS	136,173	429	47,051	16,252	72,441	
THIRD PARTIES	374,856	188,067	101,545	41,456	43,787	
INSTALLMENT CONTRACTS RECEIVABLES & OTHERS	3,729,819	3,729,819	-	-	-	-
	4,347,855	**3,940,872**	**190,830**	**84,133**	**132,020**	**-**

Note: Installment Contracts Receivables include both current and long-term portion and are covered by post-dated checks from customers.

Alok Agarwal
Group Director of Finance

CERTIFICATION

I, **FEDERICO G. NOEL, JR.**, of legal age and with business address at Administration Office, Shangri-La Plaza, EDSA corner Shaw Boulevard, Mandaluyong City, being the duly elected Corporate Secretary of **SHANG PROPERTIES, INC.** (the "Corporation"), under oath, do hereby certify that:

1. None of the incumbent members of the Board of Directors and Executive Officers of the Corporation are connected with or work for any government agency body.

2. This Certification is being issued in compliance with the requirement of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have signed this Certification this ______ at Mandaluyong City.

FEDERICO G. NOEL, JR.
Corporate Secretary

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

MAY 13 2026

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this ____day of _____ by Federico G. Noel, Jr., having satisfactorily proven to me his identity through his Philippine Passport No. P6098076A issued by the DFA Manila on 20 February 2018 and valid until 19 February 2028, and who personally appeared before me and signed the foregoing Certification, and acknowledge that he executed the same freely and voluntarily, that he is acting as the authorized representative of Shang Properties, Inc. and that he has the authority to sign in such capacity.

ATTY. KEVIN A. BONAOBRA
Commission No. 0678-25
Notary Public for Mandaluyong
Until December 31, 2026
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
IBP No. 576712, 12/30/2025; Albay Chapter
MCLE Compliance No. VIII-0034586

Doc. No. 62 ;
Page No. 14 ;
Book No. VII ;
Series of 2026.

2025 ANNUAL REPORT

SHANG
PROPERTIES

VISION

Shang Properties 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

CONTENTS

MESSAGE TO OUR SHAREHOLDERS

Dear Shareholders,

2025 was another positive year for Shang Properties Inc. (SPI). Despite global uncertainties and shifts in the market, our mission to develop and operate world-class properties remains constant, with disciplined and strategic expansion taking us to new heights and reinforcing our gains.

Financial Performance

SPI delivered solid results in 2025, reflecting the strength of our recurring income base alongside steady contributions from our development portfolio.

Total group revenues amounted to PhP11.3 billion from our residential, commercial and retail leasing, hotel operations and complementary business segments. Net income for the year stood at PhP4.0 billion from timing of revenue recognition of our residential developments following the completion of Shang Residences at Wack Wack and Aurelia Residences, strong leasing income from Shangri-La Plaza and a share in net income from Shangri-La The Fort, Manila. Recurring revenue remained robust, increasing by 6.3% to PhP7.7 billion and accounting for 67.9% of total revenues. Non-recurring revenue totalled PhP3.6 billion, reflecting the natural revenue recognition cycles.

Strategic Expansion and Residential Developments

Our residential portfolio continues to be a leading driver of growth, supported by sustained demand for premium luxury developments.

We continued to advance our key projects while achieving steady sales momentum across our portfolio. Property sales amounted to PhP3.6 billion, representing 32.1% of total revenue. This reflects the timing of project completions rather than underlying demand.

Shang Summit, our landmark 80-storey development in Quezon City, continues to gain strong traction, contributing PhP1.1 billion to top-line revenue. With two towers comprising close to 1,900 units, the project exemplifies luxury living with contemporary design and accessibility.

Shang Bauhinia Residences, our maiden project in Cebu and the first outside Metro Manila, remains strong with a contribution of PhP592.7 million. The development shows encouraging performance and a growing market acceptance as we expand our national footprint.

Laya by Shang Properties continued to perform well with a 59.9% increase year-on-year, supported by sustained buyer interest and steady absorption. Haraya Residences continues to progress as a refined residential development offering a balance of sophistication and comfort. Sales of the second tower began during the year.

Aurelia Residences is one of our flagship luxury developments, attracting discerning buyers following its completion last year, when we began handing over residential units to their owners.

Shang Residences at Wack Wack contributed PhP1.2 billion to top-line revenue after its successful turnover in 2024.

Together with contributions from other projects, these developments demonstrate the ongoing strength of our residential platform.

We also continue to evaluate strategic land acquisitions to support our long-term plans and reinforce our presence in key growth areas.

Recurring Income and Commercial Leasing

Our commercial leasing portfolio and hospitality operations continued to provide stable and growing income streams.

Revenue from property rental increased by 7.2% to PhP2.9 billion.

Shangri-La Plaza generated PhP1.6 billion, an increase of 10.8%, benefitting from an improved tenant mix and increased footfall. Streetscape, a new dining concept launched at the start of the year, further elevated the restaurant experience in this already upscale mall. The Enterprise Center maintained stable performance, contributing PhP925.1 million, supported by a healthy demand for premium office space.

Shangri-La The Fort, Manila continues to be a major revenue contributor, having generated PhP4.8 billion during the year – an increase of 5.7% reflecting improved occupancy and recovery in travel and tourism.

These recurring income streams underscore the strength of our diversified portfolio and provide stability across market cycles.

Commitment to Sustainability and Innovation

Sustainability remains a vital consideration in our development strategy and we continue to integrate energy-efficient systems, sustainable materials and environmentally responsible practices across our projects.

At the same time, we remain committed to high-quality innovation in design, delivery and the SPI customer experience.

Looking Forward

With significant developments in the pipeline and a resilient recurring income base, SPI remains very well positioned to deliver strong and sustainable long-term growth.

I sincerely thank every member of our hard-working team, on whose spirit, dedication and commitment we rely for our achievements and ongoing success.
As ever, the fine leadership and wise guidance of our Board of Directors are both essential and very much appreciated.

My sincerest thanks must, of course, go to each of you, my fellow shareholders. Your insightful and steadfast support is key to our success.

Yours sincerely,

Edward Kuok Khoon Loong
Chairman of the Board

Artist's perspective of the ground floor lobby

SHANG BAUHINIA RESIDENCES

RESIDENTIAL

Artist's perspective of Shang Bauhinia Tower

Set to rise in the lush tree-lined Bauhinia Drive in Cebu, Shang Bauhinia Residences is poised to become a gleaming landmark in the Queen City of the South. The 52-story vertical gated community offers a bespoke living experience that marries the vibrant spirit of Cebu and understated elegance of a Shang Properties home. Providing utmost connectivity, this premier residential tower is just a stone's throw away from the Cebu Country Club, Cebu Business Park, and Cebu IT Park.

The architectural vision is a masterclass in livable luxury. Curated spaces comprise intimate studios, one- to two-bedroom units, and the signature three-bedroom residences. Each home is a hallmark of craftsmanship, featuring floor-to-ceiling windows that frame panoramic views, exquisite finishes and upscale fittings, plus gourmet kitchens equipped with premium appliances.

At the core of Shang Properties' first residential development in Cebu are two world-class facilities that will rival international resorts. The Clubhouse, open to all residents, is a 4,015-sqm amenities hub featuring social and wellness facilities. Meanwhile, The Sky Lounge, featuring a rooftop private pool, is exclusive to Shang Bauhinia Signature unit residents.

Winner of the 2025-2026 Best Apartment/ Condominium Development (Philippines) from Asia Pacific Property Awards, Shang Bauhinia Residences is a statement in quiet luxury and urban convenience in the city's most coveted neighborhood. As of December 31, 2025, 218 units have been sold for a total PhP5.9 billion in sales revenue.

Artist's perspective of the tropical pool

Artist's perspective of the three-bedroom residence

Please scan the code to view Shang Bauhinia Residences website


Artist's perspective of the Al Fresco - Function room

SHANG SUMMIT

RESIDENTIAL

Situated in the historic enclave of South Triangle in Quezon City, Shang Summit is envisioned to be the tallest residential development in the Philippines, rising to over 260 meters across 80 storeys. This twin-tower architectural marvel is a prestige address that offers a rare balance of privacy and convenience. It occupies a prime corner along Sgt. Esguerra Avenue, a short stroll from artisan coffee shops and gourmet dining, and minutes away from world-class retail and recreation hubs.

The East Tower, the first to rise comprising 1,020 residential units, features meticulously appointed residences that epitomize relaxed luxury and urban efficiency. In studio, one-, two-, and three-bedroom configurations, the residential suites boast floor-to-ceiling windows and private balconies that afford stunning cityscape views. Outdoor facilities include a stunning tropical pool with an expansive alfresco deck and an integrated children's splash pad. Indoors, the development offers a state-of-the-art fitness center, wellness facilities, sophisticated co-working lounges like The Summit Gallery, and dedicated play areas designed for family interaction.

Artist's perspective of the Family Game Room

The development is a masterclass collaboration between renowned P&T Group and internationally celebrated Italian interior design firm FM Architettura. Expected for completion in December 2031, Shang Summit was hailed Best Residential High-Rise Development 2025-2026 by the prestigious Asia Pacific Property Awards. As of December 31, 2025, 395 units have been sold, generating a total of PhP8.0 billion in sales revenue.

Please scan the code to view
Shang Summit website

Artist's perspective of Shang Summit

Artist's perspective of Laya by Shang Properties*

Laya by Shang Properties is a single-tower residential sanctuary located in Pasig City, hailed among the most affluent and efficient cities in the country. The tower is nestled near the pulse of Ortigas Center, amid the bustling commercial and corporate landscape.

The residences are designed for those seeking a reimagined concept of urban living, where daily commutes are effortless and after-work hours seamlessly transition into relaxation. Comprising 1,283 thoughtfully-designed units and over 2,934 sqm of amenities, the development provides a dynamic space for creativity and community in spaces like The Library, The Studio, and The Playroom.

LAYA BY SHANG PROPERTIES

RESIDENTIAL

Artist's perspective of Corner Lounge

Artist's perspective of the Swimming Pool

Residents can decompress at the lush viewing decks and outdoor pool, find focus within co-working spaces and meeting rooms, or rejuvenate in the state-of-the-art fitness and yoga studios. Meanwhile, children can enjoy the expansive playground and the children's pool.

Positioned as a coveted address for the modern professional and slated for completion in 2028, Laya by Shang Properties continues to see robust demand in the market. As of December 31, 2025, 407 units have been sold, bringing in a total of PhP4.1 billion in sales revenue.

Please scan the code to view Laya by Shang Properties website

Artist's perspective of the Aerial View of Aminities level

HARAYA RESIDENCES

RESIDENTIAL

Located at the heart of the Bridgetowne Destination Estate in Pasig City, Haraya Residences offers sanctuary and security in the lap of urban luxury. Drawing its name from an old Filipino word for 'imagination,' this prime residential development provides convenient access to key business centers, shopping malls, and medical facilities within a dynamic district.

The architectural centerpiece of the development is the Italian-inspired loggia, engineered as a seamless extension of the home that transitions interior living spaces into the outdoors. These expansive layouts emphasize a breathable environment, featuring curvilinear walls and motifs that invite natural light into every suite.

The development consists of two distinct towers: the North Tower, housing 470 residences, and the South Tower, which adds another 558 homes to the community. Haraya Residences prioritizes community and privacy through over 2,500 square meters of outdoor amenities and a comprehensive suite of indoor facilities.

The outdoor grounds feature beautifully tended gardens, a tropical pool, a kiddie pool, and dedicated children's play areas. Indoors, the development offers sophisticated shared spaces including The Veranda, The Tea Room, and a professional-grade Chef's Kitchen for intimate gatherings. Additional wellness and leisure facilities include a state-of-the-art gym, a sauna, a library, and specialized rooms for gaming and viewing.

As a joint venture between Shang Properties, Inc. and Robinsons Land Corporation, Haraya Residences is a collaborative vision of an elevated contemporary lifestyle. As of Dec. 31, 2022, 32 units had been sold, generating PhP 854 million in sales revenue.

Please scan the code to view Haraya Residences website

Artist's perspective of Haraya Residences north and south towers

Artist's perspective of the Clubhouse - Lobby Lounge

Artist's perspective of Aurelia Residences Facade

Commanding the prime intersection of McKinley Parkway and 5th Avenue in Bonifacio Global City, Aurelia Residences is an ultra-luxury landmark that exudes exclusivity. A joint venture between Shang Properties, Inc. and Robinsons Land Corporation, the development draws architectural inspiration from sprezzatura, the Italian art of effortless sophistication.

The development comprises 285 bespoke residences, featuring expansive three- and four-bedroom suites with private lift lobbies and a maximum of only two units per floor wing. The tower's signature three-petal design, a collaboration between world-renowned firm Skidmore, Owings & Merrill (SOM) and FM Architettura d'Interni, is both an aesthetic and functional triumph.

AURELIA RESIDENCES

RESIDENTIAL

Artist's perspective of the three-bedroom Signature Living Room

Artist's perspective of the Function Room

This unique three-wing layout maximizes privacy while affording every home panoramic views of the Manila Golf Club, Manila Polo Club, and the lush greenery of Forbes Park.

Homeowners enjoy over 5,000 square meters of world-class amenities, including the Canopy Room, a multipurpose space that transitions into the outdoors, a 40-meter resort-style pool, gym, jacuzzi, sauna, and luxury home cinema.

Aurelia Residences continues to demonstrate exceptional market performance, with 259 units sold as of December 31, 2025, generating a total of PhP33.5 billion in sales revenue.

Please scan the code to view Aurelia Residences website


Actual image of the Lobby Lounge

SHANG RESIDENCES AT WACK WACK

RESIDENTIAL

Strategically positioned between the Ortigas and Makati business districts, Shang Residences at Wack Wack is a 50-story sanctuary in a verdant enclave of Mandaluyong CIty. Its location hits the sweet spot that balances privacy and proximity to premier medical and educational institutions.

Designed by world-renowned architectural firm Wong & Tung International Ltd., with interiors by the Hong Kong-based BTR Workshop, the residential development prioritizes low-density living, ensuring a maximum of 10 units per floor, with higher levels restricted to six or eight suites. There are 404 residences, ranging from one-bedroom units to four-bedroom penthouses, with floor-to-ceiling windows and private balconies.

Residents have access to 2,800 square meters of world-class amenities, with the Panorama Room, a function space designed for private events with a golf course backdrop, as its centerpiece. Additional facilities include resort-sized outdoor pools, a state-of-the-art fitness center with a panoramic yoga studio, steam and sauna rooms, a mini-theater, and recreation areas for children and families.

The project remains a top-performing asset in the luxury residential sector. As of Dec. 31, 2025, 361 of the 404 units have been sold, generating PhP 13.1 billion in sales revenue.

Please scan the code to view Shang Residences at Wack Wack website

Actual Image of the Yoga Studio

Actual image of the Swimming Pool

SHANGRI-LA PLAZA

MALL & RETAIL

Positioned for Growth, Delivering Value: Shangri-La Plaza's 2025 Milestones

In 2025, Shangri-La Plaza advances with purpose, Positioned for Growth, Delivering Value.

Amid a dynamic retail landscape, the Plaza remained focused on strengthening both commercial performance and customer relevance, ensuring sustained growth across operations, tenant mix, and overall experience.
Guided by its brand battle cry #SincerelyShang, these efforts were anchored in authenticity and thoughtful curation, reinforcing Shangri-La Plaza's ability to evolve with its market while remaining closely connected to its community.

Driving Performance Through Market-Led Tenant Mix Optimization

In 2025, Shangri-La Plaza delivered strong operating performance, achieving a 95.55% occupancy rate, a clear reflection of continued demand for its retail environment.

This was driven by an adaptive tenant mix aligned with shifting consumer behaviors. The expansion of Cartier reinforced the mall's standing in the luxury segment, while the growing emphasis on health and holistic living fueled demand across athleisure and performance categories. The rising popularity of sports such as pickleball, Hyrox, and marathon running translated into sustained momentum for brands including Wilson, Salomon, and Puma.

Shangri-La Plaza also welcomed the first GANT store in the Philippines, introducing premium American sportswear defined by its timeless, preppy aesthetic. This was complemented by the entry of wellness-focused brands such as One Life, Skalp, Toni & Guy, and Asian Hair Restoration, further strengthening its lifestyle offering.

Ongoing tenant reinvestments and new store openings continue to elevate the overall retail experience, ensuring that Shangri-La Plaza remains aligned with a discerning and evolving market.

Shaping Demand Through Experience

Building on this foundation, Shangri-La Plaza expanded its reach while deepening engagement, growing its audience without losing its core.

Destination-led programming played a key role in attracting new segments. Stride, the mall's first Indoor Family Walkathon, reimagined it as a venue for movement and shared experiences, drawing in families and active lifestyle communities. This was complemented by Fête de la Musique: Ember Stage, mounted in partnership with Alliance Française, which introduced a vibrant layer of cultural programming and broadened audience appeal.

Further strengthening this direction, Shangri-La Plaza hosted Cinemalaya for the first time under its Culture In Focus platform, reinforcing its role as a cultural destination while engaging film and creative communities.

At the same time, Shangri-La Plaza continued to strengthen its community ecosystem. Estate runs in partnership with Spartan Club activated the space beyond its traditional use, while the launch of the Shang Pet Club introduced a more inclusive, lifestyle-driven dimension.

Together, these initiatives reflect a more diversified audience while reinforcing Shangri-La Plaza's role as a trusted, lived-in third space.

Enduring Strength in a Demanding Landscape

Shangri-La Plaza continues to lead as the premier premium and luxury destination within its corridor, defined not only by its tenant mix and performance, but by its distinct sense of place.

Despite its location along a highly congested urban corridor, the mall remains a destination that customers actively choose, drawn by its curated experiences and considered environment. Its ability to consistently deliver family-oriented, culturally relevant, and community-driven programming sets it apart in a dense metropolitan landscape.

This balance of aspiration and accessibility sustains long-term loyalty and strengthens brand equity, ensuring that Shangri-La Plaza remains relevant, preferred, and enduring. As it moves forward, Shangri-La Plaza remains committed to delivering experiences that attract, engage, and last—staying true to its vision of being Positioned for Growth, Delivering Value.

ASSEMBLY GROUNDS AT THE RISE

MALL & RETAIL

Assembly Grounds at The Rise – 2025 Milestones

In 2025, Assembly Grounds at The Rise advances with purpose—Positioned for Growth, Delivering Value.

Long defined as a neighborhood essential, the space continues to evolve in response to changing lifestyles, expanding beyond convenience-driven use into a more intentional and discovery-led environment. This reflects a deeper understanding of its audience, balancing everyday utility with more deliberate reasons to visit and explore.

Evolving the Experience: From Routine to Intentional Visits

Assembly Grounds remains anchored in accessibility, serving residents and nearby professionals with curated essentials, dining, and wellness. In 2025, it maintained a healthy 93.7% occupancy rate, reflecting continued demand as the space evolves its tenant mix in line with shifting lifestyle preferences.

This foundation was further strengthened by the introduction of new concepts that enhance its overall offering, including Lucce, a Filipino-owned jewelry brand specializing in engagement and fine jewelry; Miss Esthe, a Japanese facial salon bringing precision skincare techniques from Matsuyama; and Golden Rice, a fast-casual concept offering authentic biryani prepared using traditional methods.

A clear shift in visitation patterns also emerged. While weekdays continue to be driven by routine and proximity, weekends are increasingly defined by intentional visits, with customers choosing to spend time, engage, and explore.

This transition is supported by a stronger emphasis on curated programming. Seasonal activations such as Lunar Legends 2025 (Chinese New Year), Unlock the Magic at the Easter Factory, Enchanted Pumpkin Patch (Halloween), and The Holiday Express at The Grounds (Christmas) drew families into the space through immersive, occasion-based experiences.

Alongside these, curated fairs and pop-ups introduced niche and emerging concepts, appealing to a younger, experience-driven audience. Together, these initiatives reposition Assembly Grounds as a space for discovery, where new ideas, brands, and experiences can be encountered within an approachable setting.

Expanding Reach While Staying Grounded in Community

On-ground experiences were complemented by a more focused approach to digital storytelling. Through relevant and far-reaching content, Assembly Grounds expanded its visibility beyond its immediate trade area, engaging new audiences and encouraging conversion from online discovery to on-site visits.
As a result, the audience profile continues to evolve. While the core community remains a key driver, the space has seen increasing engagement from younger patrons drawn to curated, social, and discoverable environments. Families continue to anchor the space, particularly during themed and seasonal activations that provide shared and accessible experiences.

Despite this broader reach, Assembly Grounds remains grounded in its role as a neighborhood hub. Its strength lies in its ability to balance familiarity with discovery—supporting everyday needs while creating opportunities for exploration.

As it continues to evolve, Assembly Grounds remains focused on relevance and adaptability, delivering experiences that are intentional, engaging, and responsive to its market, and staying true to its commitment to be Positioned for Growth, Delivering Value.

In 2025, the property delivered strong performance, closing the year at an impressive 84% occupancy and exceeding its budgeted target. This was driven primarily by disciplined leasing execution, supported by steady demand, competitive positioning, and a healthy pipeline of prospects. Leasing momentum translated into consistent lease conversions and rising occupancy levels throughout the year.

High renewal rates reinforced occupancy stability and reflected continued tenant trust in the asset. This performance was underpinned by operational discipline focused on asset preservation and tenant retention. Efficient building management and a sustained commitment to enhancing the tenant experience supported both renewals and new leasing activity.

Positioned for growth, the property enters the coming year with strong leasing fundamentals and a well-maintained asset base, enabling it to continue delivering value to stakeholders.

THE ENTERPRISE CENTER

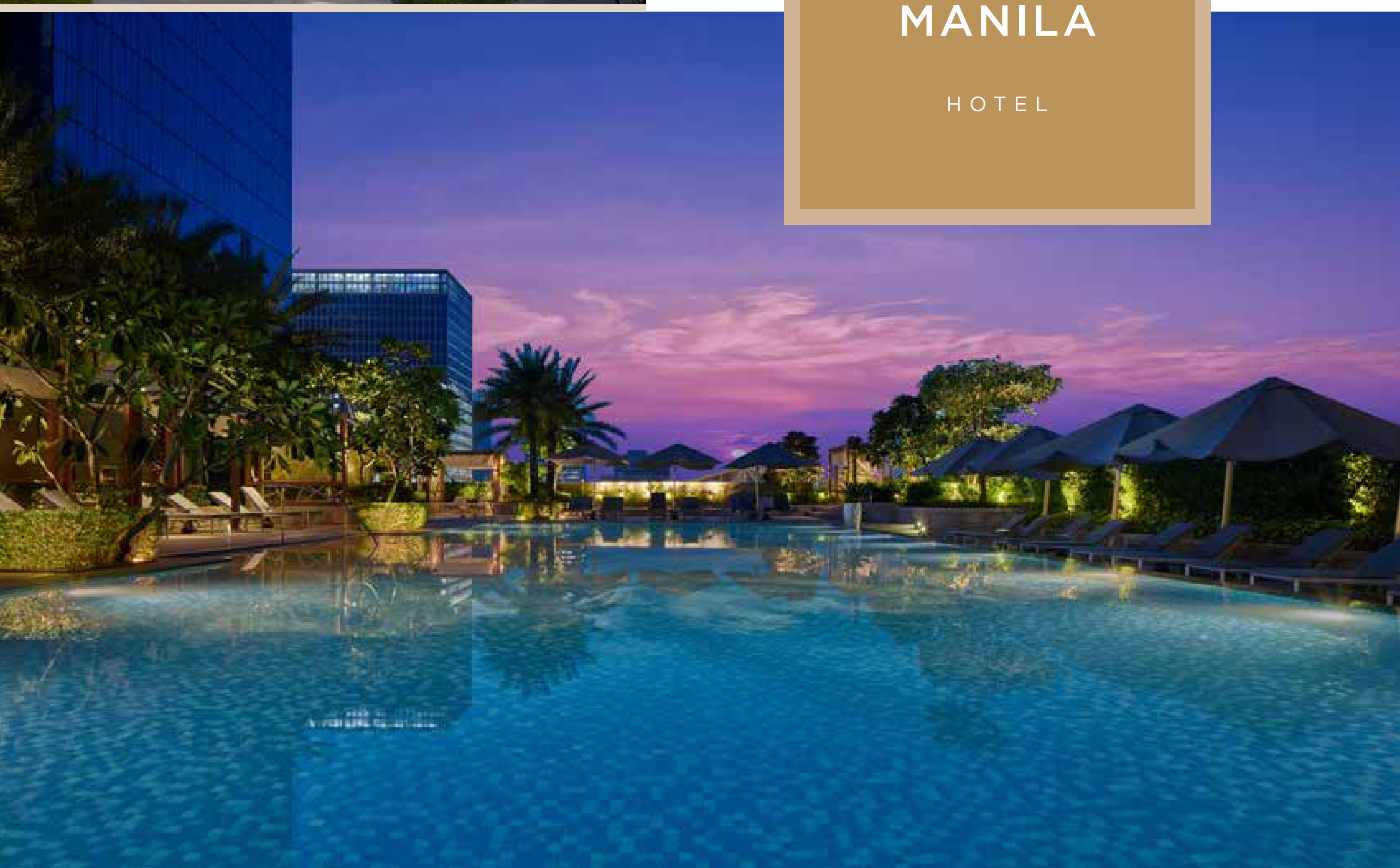
OFFICE LEASING

In 2025, Shangri-La The Fort, Manila achieved record-breaking monthly and annual revenues, marking its strongest financial performance since opening in 2016. This milestone reflects a year of strategic growth, operational excellence, and a clear focus on delivering value to guests, partners, and stakeholders.

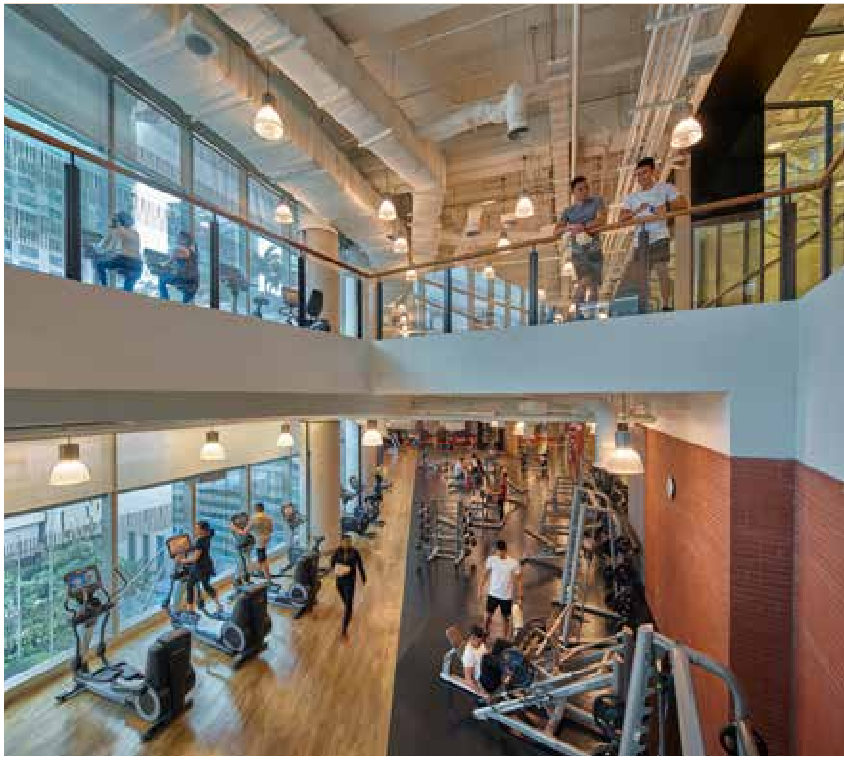
The hotel remains a preferred venue for global leaders, industry innovators, and Manila's most distinguished events. At the same time, it offers guests a complete lifestyle experience, combining dining, curated events, and wellness at Kerry Sports Manila, setting the standard for hospitality in the city.

SHANGRI-LA THE FORT MANILA

HOTEL



This achievement underscores the dedication, professionalism, and teamwork of every colleague at Shangri-La The Fort, Manila and across the Shangri-La Group. With its prime location, high standards of service, and dynamic energy, the hotel is well-positioned to build on this momentum and continue delivering exceptional results in the years ahead.



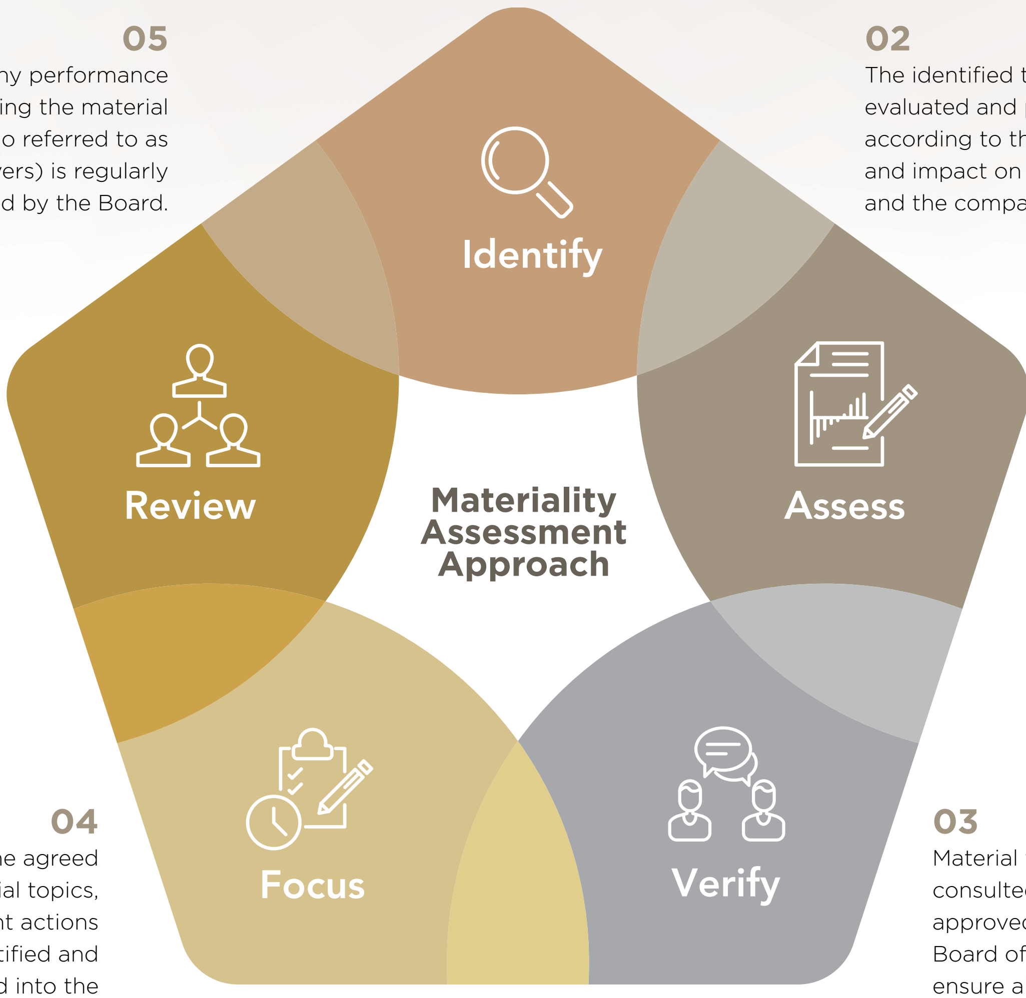
Materiality Process

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.

01
Material topics are identified based on activities that are critical to the operations of Shang Properties, Inc. as a Holding Company operating different businesses.

05
Company performance regarding the material topics (also referred to as Core Drivers) is regularly reviewed by the Board.

02
The identified topics are evaluated and prioritized according to their significance and impact on both stakeholders and the company.



04
Based on the agreed material topics, management actions are identified and incorporated into the business plan.

03
Material topics are consulted with and approved by the Board of Directors to ensure alignment with the Group's Mission and Vision.

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.

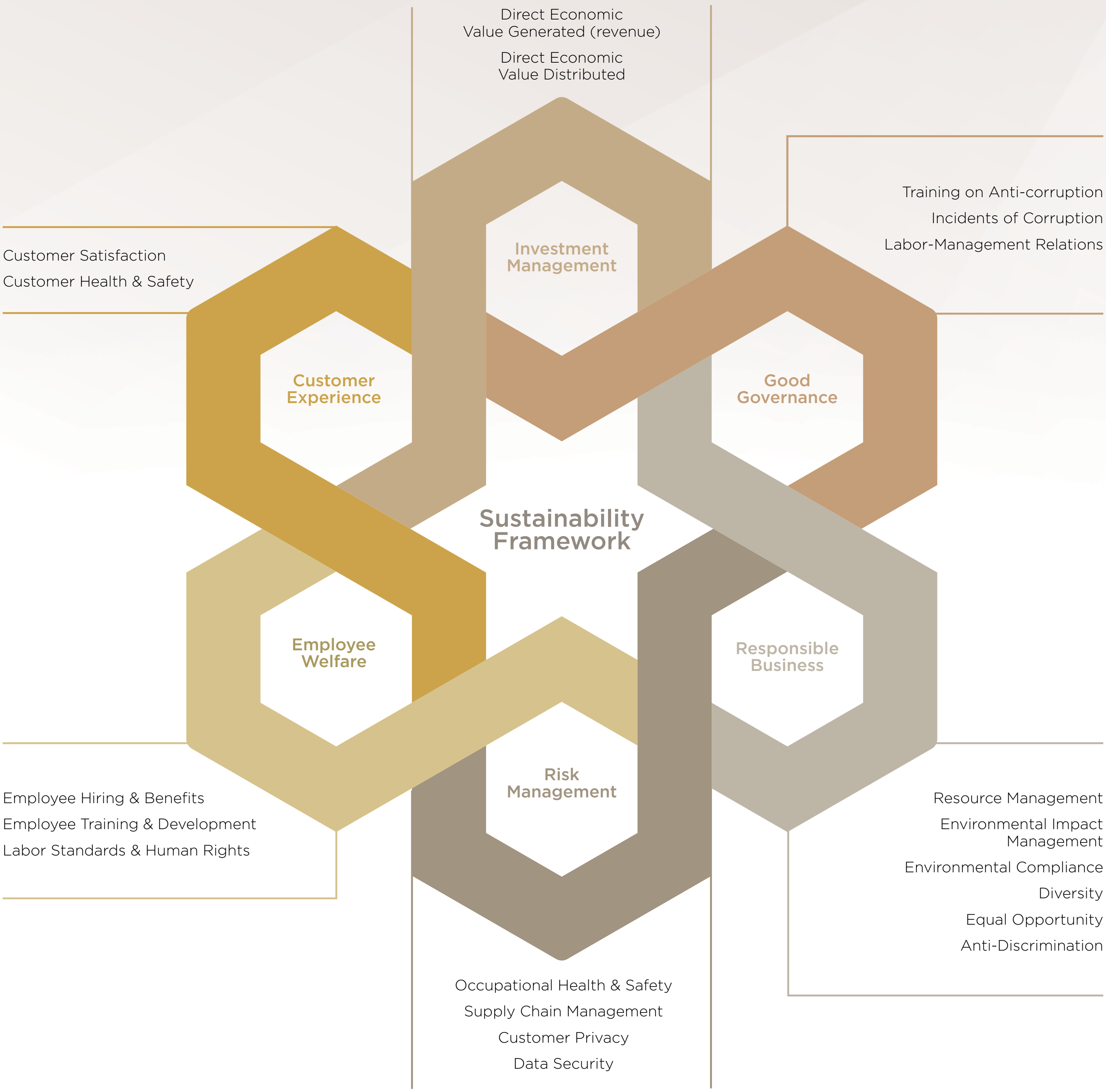


Figure 2 SPI Core Drivers

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	• Annual Stockholders Meeting • Corporate Disclosure • Corporate Website	• Financial Performance and Cash Flows • Business Outlook • Resolutions of Business Concerns • ESG Performance	Annually or as needed
Strategy (Climate-related risks and opportunities)	• Training and development programs • Email blasts and bulletins • Annual performance appraisals • Online portals / Social Media • Company activity and Events	• Skills inventory development • General company updates • Performance review and improvement • Job opportunities • Employee activities and socialization • Health and wellbeing	Quarterly or as needed
Customers and Guests	• Customer satisfaction surveys • Telephone hotlines • Social Media	• Customer Feedback / areas for improvement • General Information • Events, Customer complaints	As needed
Residents and Tenants	• Email blasts • Memorandums • Meetings • Evacuation drills	• Promotions • Maintenance and Service Interruption, Escalations, Property Updates • Exploratory, Pre-Construction, Egress • Fire life and safety • Residents / Tenants' complaints • Other operational issues	As needed
Suppliers and Contractors	• Emails • One on one meetings • Group meetings/discussions • Telephone / mobile phones • Site inspections	• Cost proposal • Warranties • Duration of project • Scope / Deliverables • Payment for services rendered • Accreditations / Certifications / Licenses	As needed
Government and Regulators	• Emails • Site inspections • Correspondences • Telephone / mobile phones	• Coordination of requirements • Compliance to regulations • Continuous communication and coordination of schedules • Payment of taxes and applicable fees	Annually or as needed

INVESTMENT MANAGEMENT

Direct Economic Value Generated and Distributed

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**

GOOD GOVERNANCE

Training on Anti-Corruption Policies and Procedures

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**

Labor-Management Relations

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**

RESPONSIBLE BUSINESS

Resource Management

Energy Consumption within the Organization

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.

Materials Used by the Organization

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	7.6×10^{-5}	**1.7×10^{-4}**

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

Water and Effluents

Disclosure	Unit	2023	2024	**2025**
Water Consumption	m³	1,133,242	1,056,526	**1,083,051**
Water Recycled and Reused	m³	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	m³	890,261	690,705	**588,944**
Percent of Wastewater Recycled	%	15.74	20.89	**22.78**

Water Intensity

Disclosure	Unit	2024	**2025**
Water intensity	m³ per million PhP revenue	68.71	**87.16**

Air Emissions

GHG Emissions

Disclosure	Unit	2023	2024	**2025**
Direct (Scope 1) GHG Emissions	Tonnes CO2e	3,914	546,909.72	**639,091.64**
Energy indirect (Scope 2) GHG Emissions	Tonnes CO2e	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 CO2e 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**

Solid and Hazardous Wastes

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**

Environmental Compliance

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**

Diversity, Equal Opportunity, & Anti-Discrimination

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

RISK MANAGEMENT

Occupational Health & Safety

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

Supply Chain Management

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 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure and Section 5 of the Supplier Code of Conduct.

Sustainability Accreditation Policy

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**

Customer Privacy and Data Security

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**

EMPLOYEE WELFARE

Employee Hiring and Benefits

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%

Employee Training and Development

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

Policies

Our commitment to the highest ethical standards is reflected in our policies, which explicitly prohibit any violations of labor laws and human rights. For more information, please refer to our Code of Business Conduct and Ethics:

https://www.shangproperties.com/app/uploads/2021/05/Code-of-Business-Ethics.pdf
https://www.shangproperties.com/app/uploads/2021/05/05.pdf

TOPIC	2023	2024	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

CUSTOMER EXPERIENCE

Customer Satisfaction

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**

Please scan the code to access the complete SPI 2025 Sustainability Report.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

ECONOMIC

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

PhP243.4M
Taxes paid

PhP72.8M
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

11 SUSTAINABLE CITI AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

3,955,566.00 kWh
Electricity savings

143,584 m^3
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

3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

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.

BOARD OF DIRECTORS

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.

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.

Ms. Cheng Wai Sin was elected as member of the Board effective 28 August 2024.

Ms. Cheng 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.

Ms. Cheng brings over 25 years of experience in accounting and finance, having worked in both the corporate and banking sectors.

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 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.

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

Benjamin Ivan S. Ramos is the President of ROI Corp., an investment company. He was previously the President of Powerbooks, Inc., and also President of Tokyo Tokyo, Inc., the largest Japanese fast food chain in the Philippines. He has an MBA from the Stanford Graduate School of Business.

Maximo G. Licauco III 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.

Antonio O. Cojuangco is the Chairman and/or President of various companies and organizations such as Ballet Philippines, CAP Life Insurance Corporation, Cinemalaya Foundation, Mantrade Development Corporation, Nabasan Subic Development Corporation, Philippine Trade Foundation, Inc., Radio Veritas, Tanghalang Pilipino, and Calatagan Bay Realty. He is also a Director in Tiger Resort Leisure and Entertainment Inc. He graduated Summa Cum Laude with an AB Economics degree from the Ateneo de Manila, and obtained a Master's in Business Administration from Stanford University.

Ms. Maria Rochelle S. Diaz was elected as member of the Board Effective 18 June 2024.

Ms. Diaz Brings with her a wealth of experience from different industries including Property Development, Banking, Food and Beverage, and Telco. She was CFO with the Max's Group of Companies and also worked with Ayala Land, Converge ICT, and PricewaterhouseCoopers.

Karlo Marco P. Estavillo is the Chief Operating Officer of The Company. Atty. Estavillo was Vice-President and General Manager of one of the operating business units in one of the largest conglomerates in the country, where he was also Corporate Secretary and Compliance Officer. He was likewise a member of the Board of Directors of a universal bank, as well as a top local insurance company. He served in various committees, including Audit, Trust, Legal Oversight, amongst others. He earned a Bachelor of Laws degree from the University of the Philippines and a Bachelor of Science in Business Management degree from the Ateneo de Manila University.

Wolfgang Krueger is the Executive Director of Shang Properties, Inc. (SPI). Prior to joining SPI, Mr. Krueger was the Executive Vice President for Shangri-La International Hotels Limited and looked after all the Shangri-La Hotels in Hong Kong, Philippines, Taiwan, Japan, Mongolia, Australia, and Fiji. He joined Shangri-La Group in 2001 and has been with the group for over 20 years.

CORPORATE GOVERNANCE

Shang Properties, Inc. and its Board of Directors have always recognized and effected the globally accepted three (3) basic principles of corporate governance: fairness, transparency, and accountability to all its stakeholders. Shang Properties adopted its Corporate Governance Manual and submitted this to the Securities and Exchange Commission in 2002.

The following sections demonstrate the Company's compliance with these principles as detailed in the Manual during the financial year ending 31 December 2024.

THE BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees its businesses, strategic directions and financial performance. It sets and provides the role modeling for the Company's values and standards ensuring further that its obligations to the Company's shareholders are understood and met. To this end, it assumes responsibility for strategy formulation, corporate governance, and performance monitoring. The management is delegated with the authority and responsibility for the administration of the Company within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the Executive Committee, the Audit Committee, and the Corporate Governance Committee. Further details of these committees are set out in this annual report.

The number of meetings held and the attendance record of the Board members at these meetings for the last two (2) years are as follows:

	2025*	2024	2023
Number of Board Meetings	1	4	4
Attendance			
Executives	100%	82%	93%
Independent Non-Executive	100%	96%	92%
Average	100%	90%	92%

*Meetings are held in the year to date

Board minutes, kept by the corporate secretary, are sent to the Directors for records, and are open for inspection.

Board Composition

The Board is currently composed of ten (10) Directors. The Directors are Edward Kuok Khoon Loong, Cynthia R. Del Castillo, Antonio O. Cojuangco, Karlo Marco P. Estavillo, Wolfgang Krueger, Maximo G. Licuaco III, Benjamin Ivan S. Ramos, Cheng Wai Sin, Alexandra Ramos-Padilla and Maria Rochelle S. Diaz. The biographies of the Directors are set out on pages 30 and 31 of this annual report, which demonstrate a diversity of skills, expertise, experience, and qualifications.

Division of Responsibilities

The Board has appointed a Chairman who provides leadership in establishing policies and business directions. The Chairman ensures that the Board works effectively, discharges its responsibilities, and discusses all key and appropriate issues in a timely manner.

The Executive Directors are tasked with the day-to-day running of the Company and are responsible for the different aspects of Shang Properties' businesses. Non-Executive Directors bring strong independent judgment, knowledge and expertise to the Board's deliberations. Apart from their election, the Non-Executive Directors do not have any form of service contract with the Company on any of its subsidiaries.

The Independent Directors take an active role in Board meetings, participate in Board Committees, contribute to the development of strategies and policies, and take the lead if and when potential conflicts of interest arise.

Directors' Re-election and Removal

The Directors of the Company are elected during the annual general meeting and hold office for one (1) year or until their successors are elected and qualified.

Access to Information

All Directors are continually updated with legal and regulatory developments, regularly receive comprehensive information about business activities, financial highlights and operations review of the

Company's business and market changes, and developments so that they are up to date and are well informed during Board meetings and to facilitate in discharging their responsibilities. The Board members are provided with Board papers and relevant materials prior to the intended meeting date, including business and financial reports covering the Company's principal business activities and are at liberty to contact management for inquiries and to obtain further information, when the advice and services of the Corporate Secretary, who ensures that they receive appropriate and timely information for their decision-making and that Board procedures are being followed. The Directors can obtain independent professional advice at the Company's expense.

DELEGATION BY THE BOARD

Executive Committee

The Executive Committee meets regularly and operates as a general management committee chaired by Wolfgang Krueger, an Executive Director and Executive Assistant to the Chairman. The Executive Committee meets to discuss the corporate and development strategies of the Company.

Corporate Governance Committee

Pursuant to its Corporate Governance Manual, the Board created a Corporate Governance Committee. The committee acts in an advisory capacity and makes recommendations to the Board. It promulgates the guidelines or criteria to govern the conduct of the nominations of the Directors. The same is properly disclosed in the Company's information statement as well as any report that is submitted to the Securities and Exchange Commission.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Management is responsible for the preparation of the financial statements, which adopt generally accepted accounting standards in the Philippines, ensuring appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. The auditing and reporting on the financial statements are the primary responsibility of the external auditor whose "Independent Auditor's Report" to the Board of Directors and shareholders is included in this Annual Report.

Towards the end of the year, the Board reviews the financial projections of the group for the financial year ending December 31 on any given year. The Management has continued to adopt a going concern basis in preparing the financial statements to ensure that any material uncertainties relating to events or conditions that may affect the Company's ability to manage effectively are met.

Internal Controls

The Board is responsible for maintaining an adequate system of internal controls and reviewing their effectiveness. The system of internal control is designed to facilitate effective and efficient operations, safeguard its assets, and ensure that the quality of internal and external reporting comply with applicable laws and regulations. In establishing internal controls, the Company has taken into consideration the nature and extent of the Company's business, operational and financial risks, the likelihood of realization of such risks, and the costs of implementing the relevant internal controls.

These internal controls are designed to manage, but not eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against the risks of material misstatement, fraud or losses.

During the year ended 31 December 2024, the Board, through the Audit Committee, reviewed the risks and evaluated the internal control framework that operates within the Company and considered that the system of internal controls in operation is effective.

More details on the Company's internal control framework and the Board's process to evaluate its system of internal controls is set out in the section headed internal controls on this page of this Annual Report.

Audit Committee

Pursuant to its Corporate Governance Manual, the Board created an Audit Committee in 2002. Each member is required to have at least an adequate understanding of or competence on most of the Company's financial management systems and environment. The major responsibilities of the Audit Committee are:

- To perform oversight functions over senior management in establishing and maintaining an adequate, effective and efficient internal control framework, systems and processes to provide reasonable assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations and safeguarding of assets;
- To perform oversight functions over the Company's Internal and External Auditors, to ensure the independence and objectivity of Internal and External Auditors, and that they are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit function;
- To review and monitor the effectiveness of the external audit process, taking into consideration relevant Philippine professional and regulatory requirements and review, at least annually, the performance, suitability and effectiveness of the external auditors;
- To review and approve the Financial Statements of the Company before their submission to the Board with particular focus on (a) any change/s in accounting policies and practices; (b) areas where a significant amount of judgement has been exercised; (c) significant adjustments resulting from the audit; (d) going concern assumptions; (e) compliance with accounting standards; and (f) compliance with tax, legal, and regulatory requirements.

The number of meetings held and the attendance record of the Committee members at these meetings for the last two (2) years are as follows:

Audit Committee Meetings	2025	2024	2023	2022
No. of Meetings	4	4	4	4
Attendance	100%	100%	83%	83%

*Meetings are held in the year to date

Auditor's Remuneration

During the financial year ended 31 December 2025, the fees paid/payable to the External Auditor in respect ofthe audit and non-audit services provided by the External Auditor to the Company amounted to PhP4,666,000.

INTERNAL CONTROLS

The Board is responsible for maintaining and reviewing the adequacy and effectiveness of the Company's system of internal controls. The internal controls are designed to meet the Company's particular needs, minimize the risks to which it is exposed, manage rather than eliminate the risks to achieve business objectives, and provide reasonable but not absolute assurance against misstatements or losses. The Company's internal control framework covers (i) the setting of objectives, budgets, and targets; (ii) the establishment of regular reporting of financial information, in particular, the tracking of deviations between actual performances and budgets/targets; (iii) the delegation of authority; and (iv) the establishment of clear lines of accountability.

Strategies and objectives of the Company as a whole are determined by the Board. Budgets are prepared annually and reviewed by the Board. In implementing these strategies and achieving these objectives, each Executive Director has specific responsibilities for monitoring the conduct and operations of individual business units within the Company. This includes the review and approval of business strategies and plans, the setting of business-related performance targets as well as the design and implementation of internal controls. Periodic financial information is provided to the Executive Directors. Variance analysis between actual performances and targets is prepared and documented for discussion at Board meetings, with explanations between actual performances and budgets / targets. This helps the Board and the Company's Management to monitor its business operations and to plan on a prudent and timely basis. Other regular and ad hoc reports are prepared for the Board and to various committees, to ensure that the Directors are provided with all the requested information in a timely and appropriate manner.

To allow for delegation of authority as well as to enhance segregation of duties and accountability, a clear organizational structure exists detailing different levels of authority and control responsibilities within each business unit of the Company. Certain specific matters are reserved for the Board's decision and cannot be delegated. These include, among others, the approval of annual and interim results, annual budgets, capital structure, declaration of dividends, material acquisitions, disposals and capital expenditures, Board structures and its composition and succession.

In addition, the Board also monitors the Company's governance system, risk management process and system of internal controls through internal audits. An internal audit plan is formulated based on a risk-based audit approach with focus on areas with relatively higher perceived risks, in consultation with the Company's senior management.

The internal audit plan is approved by the Audit Committee at the end of the preceeding financial year, and mid-year updates are done whenever deemed necessary. The internal audit team reviews the company's business operations and processes covering operational, financial and compliance audits on a continuing basis, and aims to cover the major business operations and those areas with relevant and signficant risks for the audit period. During the audit reviews, the internal audit team ensures assures that appropriate controls are present or existing and are operating effectively, and that any deficiencies or irregularities noted are rectified.

The internal audit team functionally reports directly to the Audit Committee. Accordingly, regular internal audit reports are circulated to the Audit Committee members, the senior management, and the concerned business unit head.

COMMUNICATION WITH SHAREHOLDERS

Investor Relations

Communication Channels

In order to develop and maintain a continuing investor's program with its shareholders, the Company has established various channels of communication:

i) Shareholders can raise any comments on the performance and future directions of the Company with the Directors at the Annual General Meeting.

ii) The Company distributes the annual results to shareholders.

iii) The Company's website www.shangproperties.com contains important corporate information, biographical details of Directors and senior management, organizational structure, annual and interim reports, major historical developments with comprehensive and user-friendly information about the Company's shareholders and the investor community to have timely access to updated information.

iv) Shareholders and members of the investor community are welcome to raise enquiries through the Legal Department, whose contact details are available in the Company's website www.shangproperties.com.

General Meetings

1. The General Meeting provides a forum for the Board to communicate with the shareholders of the Company.

2. To facilitate enforcement of shareholders' rights, significant issues are dealt with under separate resolutions at general meetings.

3. The 2025 Annual Stockholders' Meeting of the Company was held on June 18, 2025 at Edsa Shangri-La Manila. The following resolutions were passed during the meeting:

    1. Approval of the Minutes of the Annual Meeting of the Stockholders held on June 17, 2025.

    2. Election of Directors for the year 2025-2026.

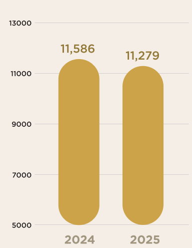
    3. Appointment of External Auditor

FINANCIAL HIGHLIGHTS

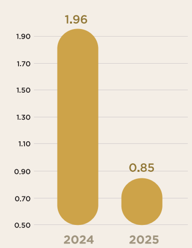
TWO-YEAR OVERVIEW

		2025	2024	Change
Turnover	(PhP M)	11,279	11,586	-2.7%
Profit attributable to shareholders of the Parent Company	(PhP M)	4,026	9,357	-57.0%
Equity attributable to shareholders of the Parent Company	(PhP M)	53,982	51,233	5.4%
Earnings per share attributable to shareholders of the Parent Company	(PhP Ctv)	0.85	1.96	-57.0%
Net asset value per share attributable to shareholders of the Parent Company	(PhP)	11.3	10.8	5.3%
Share price at year end	(PhP)	3.5	3.9	-10.2%
Price earnings ratio at year end	(Ratio)	4.2	2.0	108.8%
Market capitalisation at year end	(PhP M)	16,857	18,762	-10.2%
Dividend per share	(PhP Ctv)	0.27	0.29	-5.2%
Dividend payout ratio	(%)	32.5%	22.9%	41.7%
Dividend yield at year end	(%)	7.8%	7.4%	5.5%
Operating Margin	(%)	35.1%	34.8%	0.8%
Return on equity	(%)	7.5%	18.3%	-59.2%
Return on total financing	(%)	7.5%	7.6%	-2.3%
Interest cover	(Ratio)	4.2	15.0	-72.2%
Gross interest as a % of total borrowings	(%)	5.2%	4.6%	13.6%
Current ratio	(Ratio)	2.0	1.3	55.1%
Total Debt to Equity	(%)	60.9%	60.3%	1.1%
Total Bank Loans to Equity	(%)	31.8%	31.6%	0.8%

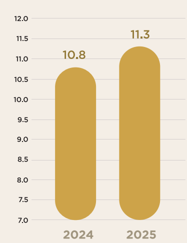
Turnover
PhP Million



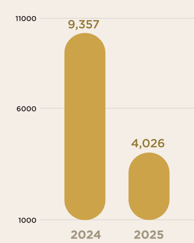
Earnings Per Share
PhP Ctv



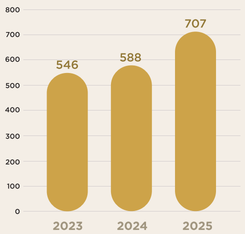
Net Asset Value Per Share
PhP



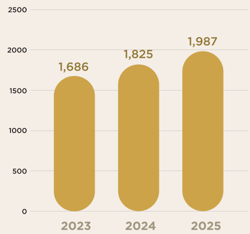
Profit Attributable to Shareholders
PhP Million



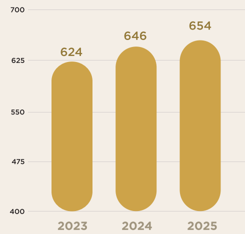
SLPC Net Income
PhP Million



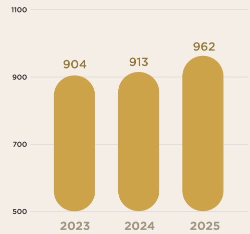
SLPC Revenue
PhP Ctv



TEC Net Income
PhP



TEC Gross Rental Income
PhP Million



STOCK PERFORMANCE & SHAREHOLDER MATTERS

	HIGH (*in PhP)	LOW (*in PhP)
2023		
First Quarter	2.75	2.50
Second Quarter	3.00	2.55
Third Quarter	3.65	3.00
Fourth Quarter	3.79	3.47

	HIGH (*in PhP)	LOW (*in PhP)
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

	HIGH (*in PhP)	LOW (*in PhP)
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

DIVIDENDS

For the year 2025, the Board of Directors declared total cash dividends of PhP1.304 Billion (2024: PhP1.380 Billion)

SHAREHOLDER PROFILE

As of 31 December 2025, the Company had 5,075 stockholders. Common shares outstanding as of said date are 4,764,058,982. The Company's stockholders owning at least 5% or more of the common shares outstanding as of 31 December 2025 are:

Rank	Shareholders	No. of Shares	Percentage
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 (FILIPINO)	1,008,005,333	21.15

10-YEAR FINANCIAL SUMMARY

	2025	2024	2023
Profit and loss account	PhP '000	PhP '000	PhP '000
Turnover	11,278,697	11,818,623	9,816,777
Operating profit	3,962,630	50,218,259	4,239,376
Interest expense & bank charges	(124,788)	(65,942)	(52,119)
Share in profit (loss) of associated companies	1,353,587	2,526,569	2,460,747
Profit before taxation	5,661,167	12,256,787	7,150,570
Taxation	(1,000,038)	(2,285,061)	(1,049,013)
Profit after taxation	4,661,129	9,971,725	6,101,557
Minority interests	(635,493)	(615,171)	(583,138)
Profit attributable to shareholders	4,025,636	9,356,554	5,518,419
Assets and liabilities			
Fixed assets	59,133,570	57,174,925	47,535,338
Associated company	8,953,153	9,250,604	8,219,286
Other assets	3,485,592	2,713,501	2,740,567
Net current assets/(liabilities)	12,653,719	4,889,817	(119,017)
Long term liabilities	(24,203,564)	(16,722,143)	(7,887,913)
Total equity	60,022,470	57,306,704	50,488,261

2022	2021	2020	2019	2018	2017	2016
PhP '000	PhP '000	PhP '000	PhP '000	PhP '000	PhP '000	PhP '000
7,860,859	4,573,925	6,220,489	11,361,826	11,180,487	13,770,215	10,343,021
3,004,661	657,510	1,085,172	4,031,015	3,721,551	4,939,001	4,021,601
(109,448)	(120,052)	(139,647)	(272,339)	(358,742)	(331,963)	(273,494)
1,422,114	404,707	185,534	101,237	-	(4,100)	(4,313)
4,665,643	1,322,676	1,825,796	4,476,579	4,832,376	5,684,611	4,679,868
(677,481)	867,600	(404,216)	(1,054,810)	(1,271,762)	(1,464,529)	(1,204,218)
3,988,161	2,190,276	1,421,580	3,421,769	3,560,614	4,220,082	3,475,650
(353,682)	(66,214)	48,385	(365,767)	(548,286)	(873,916)	(569,726)
3,634,479	2,124,063	1,469,965	3,056,002	3,012,328	3,346,166	2,905,925
46,546,005	46,210,937	46,598,466	47,202,480	46,761,767	42,283,683	39,702,962
5,748,050	4,318,124	2,317,911	2,121,615	1,000,389	501,936	495,636
1,725,526	1,859,339	2,597,366	1,943,490	1,543,107	1,123,249	150,264
(257,575)	(929,421)	691,743	1,183,719	2,593,483	8,453,323	12,039,829
(7,825,816)	(8,519,955)	(10,531,118)	(11,181,166)	(12,832,387)	(15,837,950)	(19,050,222)
45,936,190	42,939,023	41,674,367	41,270,139	39,066,359	36,524,241	33,338,468

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills Mandaluyong City

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 of error.

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

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

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

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

Edward Kuok Khoon Loong
Chairman of the Board

Wolfgang Krueger
Executive Director

Alok Agarwal
Group Director of Finance

Signed this 18th day of March, 2026

AUDIT COMMITTEE REPORT

For the year ended 31 December 2025

The Audit Committee of The Board has been established since 2002 is composed of three (3) Non-executive Directors, of whom two (2) are independent directors. The chair of the Audit Committee is an independent director.

The Audit Committee operates pursuant to the approved Audit Committee Charter. In general, the Audit Committee is responsible for assisting the Board in its responsibilities in monitoring the integrity of the Group's financial reporting process, the financial statements and financial reports of the Company, the compliance with legal and regulatory requirements, the external auditor's qualifications and independence, and the performance of the Group's internal audit department and external auditor.

In performing its responsibilities, set out below is a summary of the work performed by the Audit Committee during the financial year ended 31 December 2025.

(i) The Audit Committee reviewed the draft annual and interim financial statements and the draft results announcements of the Company, focusing on main areas of judgment, consistency of and changes in accounting policies and adequacy of information disclosure prior to recommending them to the Board for approval.

(ii) The Audit Committee reviewed, in conjunction with the external auditor, the development of accounting standards and assessed their potential impact on the Group's financial statements.

(iii) The Audit Committee assessed the independence of the Company's external auditor, prior to formally engaging the external auditor to carry out the audit for the Company's financial statements for the year ended 31 December 2025.

(iv) Prior to the actual commencement of the audit, the external auditor discussed the proposed scope of work and approach of the audit with the Audit Committee. Upon completion of the audit, the Audit Committee reviewed the results of the external audit and discussed with the external auditor any significant findings and audit issues.

(v) The Audit Committee recommended to the Board regarding the appointment and remuneration of the external auditor.

(vi) The Audit Committee reviewed and approved the internal audit plan, reviewed, and discussed the significant and material audit issues from the internal audit reports with the internal audit team and the Group's senior management.

(vii) The Audit Committee reviewed and approved the Internal Audit Charter, reviewed the independence of the internal audit function and the level of support and cooperation given by the Group's management to the internal audit team, as well as the resources of the internal audit team when undertaking its duties and responsibilities.

(viii) The Audit Committee reviewed the adequacy and effectiveness of the Group's systems of internal controls, through oversight into the work undertaken by the Group's internal and external auditor, and written representations by the senior management of each of the Group's business units and discussions with the Board.

During the financial year ended 31 December 2025, the Audit Committee met four (4) times. The Audit Committee also conducted meetings with the Group's senior management, the external auditor, and the internal audit team from time to time. Minutes of the Audit Committee Meetings are documented and circulated to the Board for information. The Audit Committee also reports and presents its findings and makes recommendations for consideration and discussion at Board meetings.

The Audit Committee reviewed the audited financial statements of the Group for the year ended 31 December 2025 prior to recommending them to the Board for approval.

Members of the Audit Committee:

Mr. Benjamin Ivan S. Ramos
Chairman

Mr. Maximo G. Licauco III
Member

Ms. Cynthia R. Del Castillo
Member

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.

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
a) Valuation of investment properties Refer to Note 10 to the consolidated financial statements for the details of the investment properties and discussion on critical accounting estimates and assumptions. As at December 31, 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.	We have addressed the matter by obtaining the latest appraisal reports. We have assessed the appropriateness of the valuation methodology used as well as the reasonableness of the significant inputs and assumptions used in the fair valuation. In particular, comfort over the reliability of the appraisal reports was obtained through independent verification of significant fair value assumptions and inputs specifically: • similar market listing in the area by comparing to records of recent sales and offerings of similar properties; • occupancy rate by agreeing to management's records and historical actual information; • expense-revenue ratio by comparing to the historical experience of the Group's leasing operations; • rental value by comparing to prevailing market rents on leasing transactions of comparable properties; and • discount rate by comparing to published market yields. We have also assessed the reasonableness of these assumptions given the current market and economic conditions. We have evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, licenses and client portfolio. We have also verified the appropriateness and sufficiency of the disclosures in accordance with PFRS 13 and PAS 40.

Key Audit Matters	How our Audit Addressed the Key Audit Matters
b) Revenue recognition on condominium sales based on PoC as a measure of progress Refer to Note 6 to the consolidated financial statements for the discussion on critical accounting estimates and assumptions. The revenue arising from condominium sales for the year ended December 31, 2025, amounts to P3.6 billion which accounts for about 32% the consolidated revenues. It is, therefore, material to the consolidated financial statements. Revenue from sale of condominium is recognized over time using the output method in accordance with the guidance set in PFRS 15, Revenue from contracts with customers, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Under the output method, revenue is calculated with reference to the PoC of the project. In the case of the Group, PoC is determined based on the actual physical completion of the project. Hence, revenue recognition on condominium sales requires significant judgment and estimation.	We have addressed the matter by understanding the process employed by the Group in estimating the actual physical completion of the condominium project as performed by independent quantity surveyors. We have evaluated the competence, capabilities, and objectivity of the independent quantity surveyors engaged by the Group by reviewing their profile, professional licenses, and client portfolio. We have examined the detailed accomplishment reports that provide information and analysis about the status of ongoing projects to validate the accuracy of the percentage of completion (POC) estimate. Additionally, we conducted 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.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zaldy D. Aguirre.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 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

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
Gross profit		6,487,505	7,235,989	6,350,057
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									
	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)	Total	Non-controlling interests (Note 9)	Total equity
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										

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 refleny 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 fulfilment cost under PFRS 15 and is amortized and charged to expense based on the project's percentage of completion.

Input VAT represents tax paid to suppliers that can be claimed as credit against the future output VAT liabilities and has no expiration.

Consumables and supplies consist of food, beverages and other recreational consumable items for the hotel operations.

Other prepaid expenses mainly consist of advance payments for rent, staff accommodation rentals, software support, refundable deposits, and other expenses which are normally utilized within the next financial year.

8 Investments in and advances to associates and a joint venture

This account as at December 31 consist of:

	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, it's 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
Summarized statements of financial position		
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
Summarized statements of comprehensive income			
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
Summarized statements of cash flows			
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
Summarized statements of financial position		
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
Summarized statements of comprehensive income			
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
Total comprehensive income attributable to:			
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

	2025	2024	2023
Summarized statements of cash flows			
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:

	2025			
Fair value of hierarchy	Land	Buildings	Construction in Progress	Total
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

	2024			
Fair value of hierarchy	Land	Buildings	Construction in Progress	Total
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%)	
			Expense-revenue ratio	5.55% (2024 - 5.55%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			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%)	
			Expense-revenue ratio	17% (2024 - 17%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			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).

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. These are non-interest bearing and are not covered by any security.
Reimbursed expenses (f)	713	3,620	39,877	2,907	
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. These balances are non-interest bearing and not covered by any guarantee.
Condominium dues (e)	10,399	(4,579)	5,313	(14,978)	
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.

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:

	2025		2024		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
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.

<u>Trade receivables</u>

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 Level 1	Level 2	Level 3	Total
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

	Notes	Fair value measurement Level 1	Level 2	Level 3	Total
2024					
Assets measured at fair value					
Financial assets at fair value through profit or loss	4	32,895	-	-	32,895
Investment properties:	10				-
Land		-	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.

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LEGAL COUNSELS
Abello Concepcion Regala & Cruz
Romulo, Mabanta, Buenaventura,
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PROPERTY VALUER
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KEY DATES
- Regular Board Meeting: Quarterly
- Annual Stockholder's Meeting:
  Any day in June of each year
- Fiscal Year: January 1 to December 31

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