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SEC Registration Number

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(Company's Full Name)

| A | D | M | I | N | I | S | T | R | A | T | I | O | N | | O | F | F | I | C | E | | S | H | A | N | G | R | I | - | L | A | |
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| M | A | N | D | A | L | U | Y | O | N | G | | C | I | T | Y | | | | | | | | | | | | | | | | | |

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

| ATTY. FEDERICO G. NOEL, JR. |
|---|

(Contract Person)

| (02)8370-2700 |
|---|

(Company Telephone Number)

| 1 | 2 | | 3 | 1 |
|---|---|---|---|---|

*Month* *Day*
(Fiscal Year)

| 2 | 0 | - | D | I | S |
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(Form Type)

| 0 | 6 | | 1 | 7 |
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*Month* *Day*
(Annual Meeting)

| Not Applicable |
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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

Total Amount of Borrowings

| |
|---|

Total No. of Stockholders

| |
|---|

Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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Document ID

Cashier

STAMPS

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SHANG
PROPERTIES

## CERTIFICATION

I, Federico G. Noel, Jr., of legal age, Filipino, and with office address at Administration Office, Shangri-La Plaza EDSA corner Shaw Boulevard, Mandaluyong City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly authorized representative and incumbent Corporate Secretary of Shang Properties, Inc. with authority to execute this Certification;
2. I hereby certify that the information contained in the reports submitted by the Company are true and correct based on available records and information;
3. I further attest that no changes or revisions have been made to the Information Statement, except those arising from the findings or comments of the Markets and Securities Regulation Department upon its review of the Preliminary Information Statement (PIS);
4. This Certification is executed to comply with the requirements of the Securities and Exchange Commission and for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto affixed my signature this ___ day of MAY 2 5 2026 at Mandaluyong City, Philippines.

**FEDERICO G. NOEL, JR.**
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
City of Mandaluyong) S.S.

**SUBSCRIBED AND SWORN** to before me this ___ day of MAY 2 5 2026 at Mandaluyong City, Philippines, affiant exhibiting to me Passport with Numbers P6098076A issued on 20 February 2018 at DFA Manila and valid until 19 February 2028.

Doc. No. 194;
Page No. 41;
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

**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

**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 ✓ 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;

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

(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
(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.**

**(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].**

[4] SPI Top 100 Report as of 30 April 2026
[5] SPI Board Lot Report as of 30 April 2026
[6] SPI Public Ownership as of 30 April 2026

| Title of Class | Name, address of record owner and relationship with issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | 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.

**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) | Filpino | 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% |

[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.
[9] SPI Public Ownership as of 30 April 2026

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.

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.

**FOREIGN OWNERSHIP LEVEL AS OF 30 APRIL 2026[10]:**

| Security | Total Outstanding Shares | Shares Owned By Foreigners | Percent of Ownership |
|---|---|---|---|
| Common Shares | 4,764,056,287 | 1,879,262,549[11] | 39.45% |

**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 | Executive Vice President[18] | None |
| Cheng Wai Sin[19] | Malaysian | Yes/ 1 yr. & 8 mos. | 51 | | None |
| Antonio O. Cojuangco[20] | Filipino | Yes /15 yrs. & 8 mos. | 74 | | None |

[10] SPI's Report on Foreign Ownership as of 30 April 2026
[11] SPI's Ownership Report as of 30 April 2026
[12] Regular Director
[13] Serves as an Independent Director for the FY 2025-2026
[14] Regular Director
[15] Regular Director
[16] Serves as an Independent Director for the FY 2025-2026
[17] She was elected as member of the Board as of June 18, 2024
[18] In compliance with SEC's comment in the PIS dated 20 May 2026
[19] 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.
[20] Serves as an Independent Director for the FY 2025-2026

| | | | | | |
|---|---|---|---|---|---|
| Karlo Marco P. Estavillo[21] | Filipino | Yes/9 yrs. & 7 mos. | 54 | Chief Operating Officer | None |
| Wolfgang Krueger[22] | Deutsch | Yes/5 yrs. & 4 mos. | 61 | Executive Director[23] | 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*** [24]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.

[21] Regular Director
[22] Regular Director
[23] In compliance with SEC's comment to PIS dated 20 May 2026
[24] 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.

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 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 (Regular and Independent) [25]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.

[25] In compliance with the SEC's comment to PIS dated 20 May 2026

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 ~~P~~) | | |
|---|---|---|---|---|
| | | 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%**[26] 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:

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

| 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**[27]

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

**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.

[27] Source: PSE EDGE

(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 **22nd 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)**

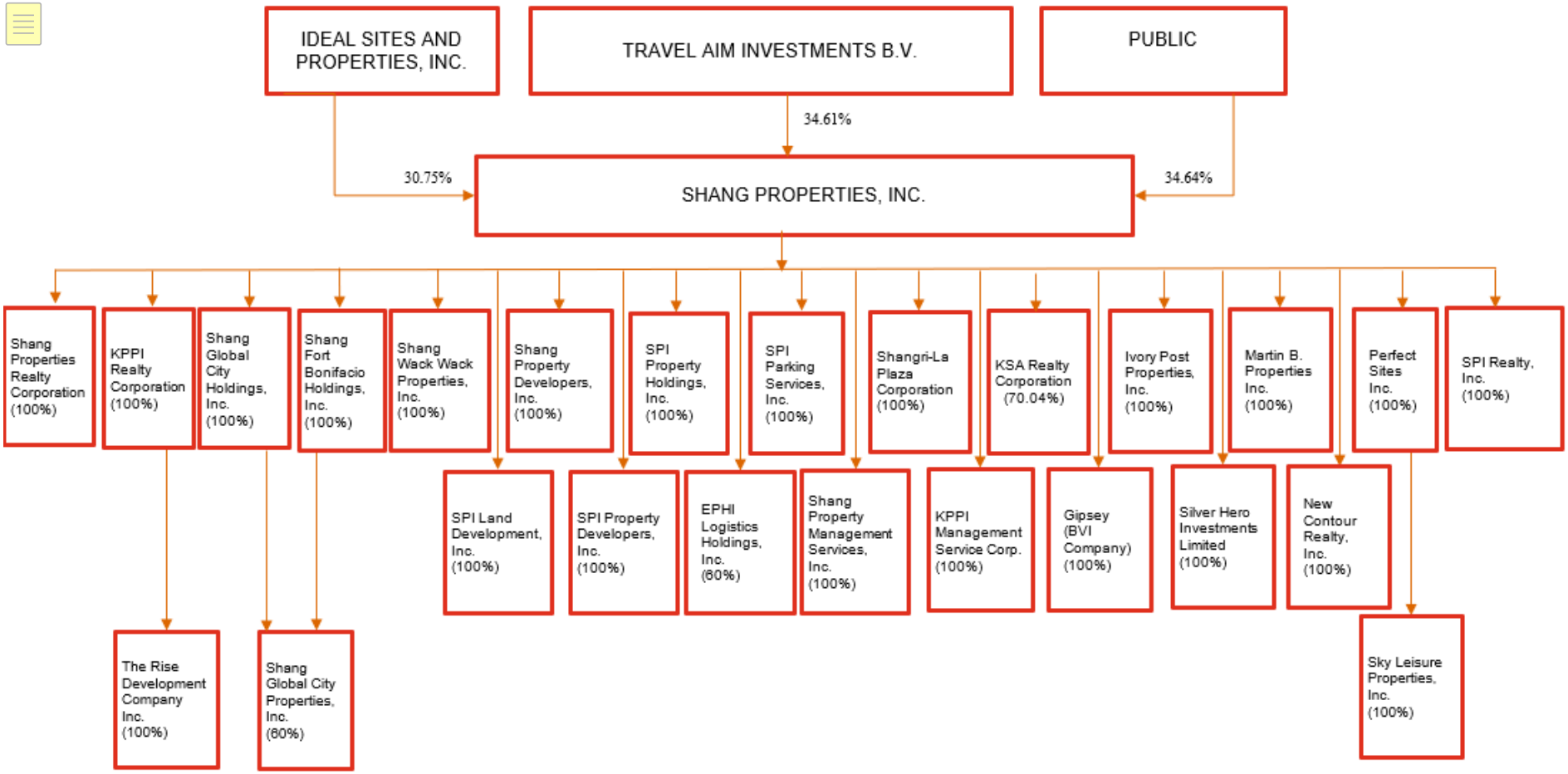
**Other Required Disclosures**

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:<br>Common shares | 8,000,000 | 4,764,059 | - | - | - | - |
| Outstanding shares:<br>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<br>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.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-A, AS AMENDED**

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

1. For the fiscal year ended: **31 December 2025**

2. SEC Identification Number: **145490** 3. BIR Tax Identification No. **000-144-386**

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

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

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

8. (**632) 8370-2700**
Issuer's telephone number, including area code

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

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

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---|---|
| | |
| **Common Stock** | **4,764,056,287** common shares |

(* not included are the Issuer's 2,695 treasury shares)

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

Yes [ **X** ] No [ ]

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

12. Check whether the Issuer:

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

Yes [ **X**] No [ ]

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

Yes [**X**] No [ ]

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

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

    Assumptions:

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

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

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

    Yes [ x ] No [ ]

**DOCUMENTS INCORPORATED BY REFERENCE**

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

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

    **None of the above documents are incorporated herein by reference.**

## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business

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

(A) Description of Business

(1) Business Development

The Issuer was first incorporated on 21 October 1987. It was initially named Shangri-La Properties, Inc., then MUI Resources Philippines, Inc., then Edsa Properties Holdings Inc. [EPHI], before its present name Shang Properties, Inc. Since its incorporation, it has not been the subject of any bankruptcy, receivership or similar proceedings. For the last three years prior to the submission of this 2025 Annual Report and to date, Issuer has not also undergone any material reclassification, or purchase or sale of a significant amount of assets not classified as ordinary.

In the years prior to this Annual Report, the significant developments in the Issuer's business are as follows:

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

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

The Issuer on

(2) Business of Issuer

(a) Description of Issuer

(i) The Issuer is a property development, real estate management and investment holding company. It is publicly subscribed and was listed in the Philippine Stock Exchange in June 13, 1991. Its significant and active subsidiaries are as follows:

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

KSA Realty Corporation was incorporated on 03 August 1990 as a realty development company. It owns The Enterprise Center, one of the most modern and luxurious office buildings in the country which is located at the heart of the Makati Central Business District. On 15 June 2016, the Issuer purchased from Ocmador Philippines. B.V., the latter's 241,580 common shares of stock of KSA Realty Corporation, bringing Issuer's stock ownership to 70.04%.

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

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

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

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

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

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

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

Shang Property Developers, Inc. was incorporated on 17 December 2010 as a realty development company. It is the owner and developer of Shang Salcedo Place, a residential condominium located in Sen. Gil Puyat Ave. cor. Tordesillas St., H.V. de la Costa St., Salcedo Village, Makati City. It was completed in 2018.

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

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

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

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

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

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

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

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

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

(iii) The Issuer is primarily a holding company and therefore has no direct distribution methods of products and services.

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

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

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

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

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

**With Issuer's subsidiaries:**

a. With Shangri-La Plaza Corporation (SLPC)

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

(ii) Issuer's subsidiary Shang Properties Realty Corporation and SLPC have in turn entered into an agreement whereby SLPC leased East Wing Mall from said subsidiary for a period of five (5) years commencing on September 2012, renewable upon mutual agreement of the Parties. Rental income is calculated at 12% of SLPC's annual rental income from mall operations. The lease was renewed in 2023 for a period of 5 years which shall expire on 31 December 2028.

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

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

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

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

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

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

**With Issuer's affiliates:**

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

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

b. With other affiliates:

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

**Between Issuer's Affiliates:**

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

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

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

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

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

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

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

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

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

(xiv) The issuer has **470 employees** to date, this includes regular and project-based employees. We also have employees that are engaged as consultants at **4** to date. The breakdown as to type are as follows:

**A. Regular and Probationary:**

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

**B. Project-Based:**

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

**C. Consultants:**

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

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

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

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

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

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

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

Project-Based

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

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

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

Project-Based

- Staff : 9

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

- Supervisor : 1
- Section Head : 1

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

- Staff : 1
- Supervisor : 1

Project-Based

- Supervisor : 4
- Section Head : 2

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

- Department Head : 1
- Section Head : 1

Project-Based

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

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

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

The **SPI Property Developers, Inc.** has **25 employees**. The breakdown as to type are as follows:
- Department Head : 1
- Supervisor : 1
- Staff : 1

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

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

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

a. Mall operations (of SLPC)

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

b. Office leasing operations (of KSA Realty Corporation, 70.04% owned by Issuer)

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

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

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

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

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

e. Residential Condominium Sales

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

**Item 2. Properties**

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

(B) Description of Properties

*On properties owned by Issuer:*

(a) A 71,101 sqm property at the heart of Ortigas Center, portions of which are being leased out to Edsa Shangri-La Hotel and the Shangri-La Plaza Corporation for the operation of the Shangri-La Plaza Mall, while some portions are being utilized as carpark areas.

(i) Shangri-La Plaza Corporation's lease of the land on which the Shangri-La Plaza Mall stands is for a period of 25 years. Rental is currently set at 20% of Shangri-La Plaza Corporation's gross rental income.

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

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

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

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

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

*On Properties owned by Issuer's subsidiaries:*

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

Shangri-La Plaza Mall, an upscale shopping center at EDSA cor. Shaw Blvd., Mandaluyong City, with a gross floor area of approximately 136,552 sqm.

(b) Properties owned by the SPI Parking Services, Inc.

None. It only manages and operates the carpark facilities described above to be owned by the Issuer.

(c) Properties owned by Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)

(i) The St. Francis Shangri-La Place, a two-tower high rise residential condominium located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City which was completed in late 2009. The development has been fully sold to date.
(ii) Land with an area of 9,852 sqm. located at Edsa cor. Shaw Blvd., Mandaluyong City, on which the One Shangri-La Place Project has been constructed. The Project was completed in 2016 and fully sold out in 2018.

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

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

None

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

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

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

None

(g) Properties owned by KSA Realty Corporation

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

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

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

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

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

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

None

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

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

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

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

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

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

None.

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

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

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

**Item 3. Legal Proceedings**

(C) Legal Proceedings

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

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

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

There are none.

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

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

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

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

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

During the Annual Meeting of the Stockholders of the Issuer held on **17 June 2025**, the stockholders approved and ratified the following:

1. Minutes of the Annual Stockholders Meeting held on **18 June 2024;**

2. Annual Report of the Company as of **31 December 2024**, together with its audited financial statements and accompanying explanatory notes;

3. The acts of the Board of Directors and the Management disclosed in the corporate records since the **18 June 2024** Annual Stockholders Meeting to the date of the Annual Stockholders Meeting on **17 June 2025**;
4. Election of the following members of the Board of Directors for the period **2025 - 2026:**

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

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

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

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

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

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

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

**********

**Instructions to Item 4**

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

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

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

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

(1) Market Information

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

| Year | High | Low |
|---|---|---|
| **2025** | | |
| First Quarter | **₱4.29** | **₱3.88** |
| Second Quarter | **₱4.10** | **₱3.80** |
| Third Quarter | **₱4.50** | **₱3.86** |

| | | |
|---|---|---|
| Fourth Quarter | **₱4.00** | **₱3.36** |
| | | |
| **2024** | | |
| First Quarter | **₱4.00** | **₱3.62** |
| Second Quarter | **₱4.20** | **₱3.42** |
| Third Quarter | **₱3.94** | **₱3.70** |
| Fourth Quarter | **₱4.00** | **₱3.65** |

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

**High: ₱3.95**
**Low: ₱3.20**

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

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

(2) Holders

(a) Issuer has common shares only. As of **31 March 2026,** the Issuer has **5,066** stockholders. Common shares outstanding as of said date is **4,764,056,287.**

**The Top 20 stockholders of the Issuer as of 31 March 2026 are:**

| Name of Stockholders | Number of Shares Held | Percent to Total Outstanding |
|---|---|---|
| 1. Travel Aim Investment B.V. | 1,648,869,372 | 34.61% |
| 2. Ideal Sites and Properties, Inc. | 1,465,144,626 | 30.75% |
| 3. PCD Nominee Corporation - Fil | 1,004,695,733 | 20.09% |
| 4. SM Development Corporation | 187,350,548 | 3.93% |
| 5. PCD Nominee Corporation – Non-Fil | 69,389,949 | 1.46% |
| 6. KGMPP Holdings, Incorporated | 52,925,445 | 1.11% |
| 7. CCS Holdings, Incorporated | 47,633,492 | 1.00% |
| 8. Pecanola Company Limited | 43,175,495 | 0.91% |
| 9. Kuok Foundation Overseas Limited | 37,023,839 | 0.78% |
| 10. Kuok Brothers SDN. BHD. | 37,023,839 | 0.78% |
| 11. GGC Holdings, Incorporated | 26,224,322 | 0.55% |
| 12. Kerry Holdings Limited | 26,090,624 | 0.55% |
| 13. Kuok (Singapore) Limited | 24,848,214 | 0.52% |
| 14. Kerry (1989) Ltd. | 12,424,107 | 0.26% |
| 15. Kuok Traders (Hong Kong) Ltd. | 11,407,363 | 0.24% |
| 16. Federal Homes, Inc. | 4,808,478 | 0.10% |
| 17. Luxhart Assets Limited | 3,975,714 | 0.08% |
| 18. Yan, Lucio W. Yan &/or Clara | 3,142,857 | 0.07% |
| 19. Antonio O. Cojuangco | 3,026,964 | 0.06% |
| 20. James Lim Go | 3,000,000 | 0.06% |
| | **4,712,180,981** | **98.90%** |

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

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

Travel Aim Investment B.V. (Travel Aim) is the owner of record of 27,150,327 shares held thru a broker, Deutsche Regis Partners, Inc. Travel Aim which also directly owns 1,648,869,372 shares is a subsidiary of Kerry Properties Limited which is a member of the Kuok Group of Companies. We are not aware as to the identity of the owners/holders of the other shares.

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

(3) Dividends

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

**Cash Dividends**

**2026**

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

**2025**

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

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

**2024**

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

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

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

**Stock Dividends**

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

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

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

No sales of unregistered securities were undertaken by the Issuer during the last three (3) years. Neither have there been sales of reacquired securities as well as new issues, securities issued in exchange for property, services, or other securities, and new securities resulting from the modification of outstanding securities. Thus, the succeeding requested disclosures under this specific item are not applicable to the Issuer.

**Item 6. Management's Discussion and Analysis (MD & A) or Plan of Operation**

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

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

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

(2) Management's Discussion and Analysis

(a) Full Fiscal Years

Key Performance Indicators

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

- Turnover consists of revenue from condominium sales, Property Rental, Cinema, and Hotel Operations. Shang Properties' consolidated gross revenue was ₱11.3B in 2025 vs ₱ 11.6B in 2024. Sales of residential condominium units of ₱3.6B accounted for 32.14% of the Group's turnover in 2025 (2024: 37.82%). Revenue from property rental and cinema operations amounted to ₱2.9B, higher by ₱193.0M from last year's ₱2.7B. Hotel operations of Shangri-La The Fort, Manila contributed revenue amounting to ₱ 4.8B or 42.35% of turnover in 2025, higher by ₱257.0M from last year's ₱4.5B.

- Profit attributable to shareholders pertains to net income from operations of the Group, net of minority shareholders' share. It decreased by ₱5.3B or 56.98% compared with last year primarily due to lower turnover in Condominium sales during the year, and lower fair market value gain from Investment Properties.

- Earnings per share of ₱0.845 is lower by 56.97% from last year's ₱1.964.

- Net Asset value per share is calculated by dividing the total net asset of the company (Total assets – Total liabilities) by the number of shares outstanding.

- Net asset value per share increased by 5.32% mainly due to increase in Properties Held for Sale from ongoing property development and increase in Investment Properties from ongoing development of the Office Building.

- Price Earnings ratio is a valuation of the company's current share price compared to earnings per share and calculated by dividing the market value per share by the earnings per share. Price earnings ratio is higher by 108.83% at 4.187 times this year from 2.005 times last year. The Group's year-end share price in 2025 is ₱3.54 from ₱3.94 in 2024.

**Results of Operations**

***Calendar Year 2025 Compared to Calendar Year 2024***

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

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

1. Decrease in condominium sales of ₱757.2M is due to the completed project, Shang Residences at Wack Wack. There is an increase in the number of units sold for the newly launched projects such as Shang Summit, and Shang Bauhinia Residences, but it does not compensate with the decrease in sales of Shang Residences at Wack Wack.

2. Increase in revenue from rental and cinema by ₱192.6M mainly due to higher occupancy rate and higher rental yield of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza.

3. Increase in revenue from hotel operations by ₱257.4M is mainly due to higher occupancy of the Shangri-La The Fort, Manila and increase revenue from other operating segments such as retail and residences.

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

1. Increase in cost of condominium sales by ₱349M mainly due to the completion Shang Residences at Wack Wack and increase in progress for recently launched Projects such as Shang Summit and Bauhinia.

2. Decrease in cost of rental and cinema by ₱5.4M mainly due to lower advertising and promotions and cost of outsourced services.

3. Increase in cost of hotel services by ₱97.6M due to higher occupancy compared to same period of last year.

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

1. Staff cost is lower by ₱32.2M.

2. Increase in taxes and licenses by ₱40.6M mainly due to higher annual business permits and Real Property Tax paid by the Group.

3. Increase in insurance expense by ₱289K mainly due to higher premiums of insurance due to market conditions.

4. Increase in other general and administrative expenses by ₱71.4M mainly due to Advertising and Selling Expenses incurred to ramp up sales of new projects and Hotel operations.

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

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

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

***Calendar Year 2024 Compared to Calendar Year 2023***

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2024, amounted to ₱9.4B, ₱3.3B higher than the ₱5.5B posted in the same period last year. This is mainly due to higher turnover and gain on Fair Value Adjustment of Investment Properties taken up during the year, amounting to ₱3.9B, net of deferred income tax effect.

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

1. Increase in condominium sales by ₱1.3B is mainly due to higher percentage of completion across all projects and sales from the launch of two new projects – Shang Summit and Shang Bauhinia Residences. increase in the number of units sold across all projects of the Group, including Laya by Shang Properties which was launched this year.

2. Increase in revenue from rental and cinema by ₱144.0M mainly due to higher occupancy rate and higher rental yield of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza.

3. Increase in revenue from hotel operations by ₱316.0M is mainly due to higher occupancy of the Shangri-La The Fort, Manila and increase revenue from other operating segments such as retail and residences.

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

1. Increase in cost of condominium sales by ₱798.0M mainly due to higher sales across all projects.

2. Increase in cost of rental and cinema by ₱30.9M mainly due to utilities cost and cost of outsourced services.

3. Increase in cost of hotel services by ₱54.6M due to higher occupancy compared to same period last year.

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

1. Higher staff cost by ₱105.6M due to annual salary adjustments and increase in number of employees of the Group.

2. Increase in taxes and licenses by ₱54.9M mainly due to higher annual business permits and Real Property Tax paid by the Group.

3. Increase in insurance expense by ₱6.9M mainly due to higher premiums of insurance due to market conditions.

4. Increase in other general and administrative expenses by ₱167.2M mainly due to Advertising and Commission Expenses incurred due to the various ongoing projects and Hotel operations.

Other income increased by ₱4.3BM mainly due to the Gain on Fair Value Adjustment of Investment Property, partially offset by the provision for impairment of receivables taken up during the year.

Increase in finance costs by ₱13.8M mainly due to higher bank loan balance.

Income tax expense is higher by ₱1.2B mainly due to higher taxable income generated during the year and the deferred income tax on the gain on revaluation.

***Calendar Year 2023 Compared to Calendar Year 2022***

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2023, amounted to ₱5.5B, 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 to the ongoing development of Office Building.

- Decrease in deferred income tax assets by ₱49.6M is mainly due to the progress of Shang Summit and Laya by Shang Properties.

- Increase in other Pre-payments and other current assets by ₱1.9B is due to payments made for project development.

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

- Increase in bank loans amounting to ₱1.0B.

- Increase in deposit from tenants amounting to ₱ 595.0M.

***Calendar Year 2024 Compared to Calendar Year 2023***

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

- Increase in cash and cash equivalents by ₱1.8B mainly due to collection of receivables and proceeds from loan availment.

- Decrease in financial assets at fair value through profit or loss by ₱2.5M due to loss on fair value adjustment recognized during the year.

- Increase in trade and other receivables by ₱870.6M is mainly due to higher Installment Contracts Receivable from Condominium sales with two additional projects launched during the year.

- Increase in properties held for sale by ₱3.1B mainly due to ongoing project development and additional two ongoing projects.

- Net increase in investment in and advances to an associate and a joint venture by ₱1.0B is mainly due to the Group's 50% share in net income of Shang Robinsons Properties, Inc. which is a joint venture with Robinson's Land Corporation (RLC).

- Increase in investment properties by ₱9.9B is mainly due to the fair value adjustment of Shangri-La Plaza Mall and certain parcels of land held by the Group, as well as accumulated development cost of a commercial project.

- Decrease in deferred income tax assets by ₱52.2M is mainly due to income recognition of Shangri-La The Fort, Manila's NOLCO for the period.

- Decrease in other noncurrent assets by ₱1.2B is mainly due to advances to contractors in 2023 that were either already recovered or reclassified to current.

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

- Increase in bank loans mainly due to new loans availed during the year amounting to ₱7.9B.

- Increase in income tax payable by ₱248.8M mainly due to higher taxable income for the year.

- Increase in dividends payable by ₱457.4M due to unreleased dividend payments to an overseas minority shareholder of a subsidiary.

- Increase in deferred income tax liability by ₱1.4B due the deferred income tax effect of the gain on revaluation of investment property taken up during the year.

***Calendar Year 2023 Compared to Calendar Year 2022***

Total assets of the Group amounted to ₱74.7B, increased by ₱7.0B from the total assets of ₱67.6B on December 31, 2022. The following are the significant movements in the assets:

- Increase in cash and cash equivalents by ₱89.5M mainly due to additions to availment of additional bank loans during the year.

- Increase in financial assets at fair value through profit or loss by ₱4.0M due to profit on fair value adjustment recognized during the year.

- Increase in trade and other receivables by ₱1.3B mainly due to higher Installment Contracts Receivable from Condominium sales.

- Increase in properties held for sale by ₱811.7M mainly due to ongoing project development.

- Net increase in investment in and advances to an associate and a joint venture by ₱2.5B is mainly due to the Group's 50% share in net income of Shang Robinsons Properties, Inc. which is a joint venture with Robinson's Land Corporation (RLC).

- Increase in investment properties by ₱1.3B is mainly due to the development cost of a commercial project.

- Decrease in deferred income tax assets by ₱269.6M is mainly due to income recognition of Shangri-La The Fort, Manila's NOLCO for the period.

- Increase in other noncurrent assets by ₱1.3B is mainly due to advances to contractors during the year which pertain to initial payments of the Group's investment property under construction.

The net increase in total liabilities by ₱2.5B from ₱21.7B in 2022 to ₱24.2B in 2022 mainly due to the following:

- The increase in Accounts Payable by ₱263.7M is mainly due to higher trade payables for construction-related purchases.

- Increase in bank loans mainly due to new short-term loans availment during the year amounting to ₱2.1B.

- Decrease in deferred lease income by ₱5.8M mainly due to lower deposits from The Enterprise Center (TEC) and Shangri-La Plaza and refunds made to tenants with terminated leases.

- Increase in Deposit from Tenants by ₱25.5M is mainly due to accretion of theoretical interest income on security deposits during the year,.

- Increase in income tax payable by ₱2.5M mainly due to higher taxable income for the year.

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

**Statement of Cash Flows**

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

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

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

(b) Interim Periods

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

(i) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

(ii) There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.

(iii) There are no off-balance sheet material transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

(iv) There are no material commitments for capital expenditures.

(v) There are no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

(vi) There are no significant elements of income or loss that did not arise from the Registrant's continuing operations.

(vii) Causes of material changes from period to period of FS including vertical and horizontal analysis of material item. Please see discussion under financial condition.

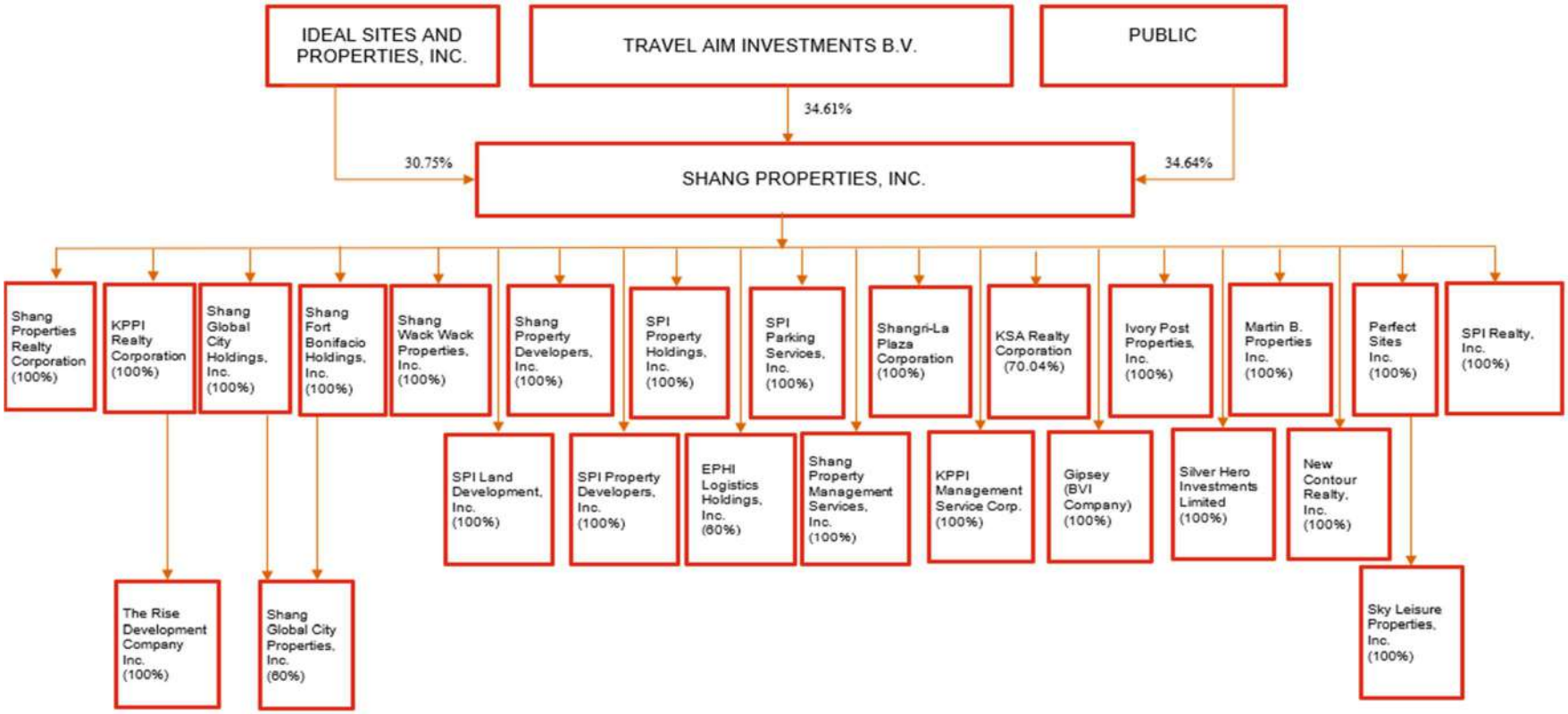
(viii) There are no seasonal aspects that had a material effect on the financial statements.

**Item 7. Consolidated Audited Financial Statements**

The Consolidated Audited Financial Statements of the Group for 2025 are incorporated in the accompanying Exhibits and Schedules.

**Statements Required by Rule 68 Securities Regulation Code (SRC)**

Shang Properties, Inc. and Subsidiaries
Map of the Group of Companies within which the Reporting Entity Belongs
as of December 31, 2025



**Shang Properties, Inc. and Subsidiaries**
Financial Soundness Indicators
As at December 31, 2025, 2024 and 2023
(All amounts in thousands of Philippine Peso)

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

*(Continued)*

**Shang Properties, Inc. and Subsidiaries**
Financial Soundness Indicators
As at December 31, 2025, 2024 and 2023
(All amounts in thousands of Philippine Peso)

| Ratio | Formula | | 2025 | 2024 | 2023 |
|---|---|---|---|---|---|
| D. Asset to equity ratio | Total assets | 96,604,287 | 1.61 | 1.60 | 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, 2024 and 2023
(All amounts in thousands of Philippine Peso)

| Description of each issue | Number of shares | Amount shown in the Consolidated Statement of Financial Position | Value based on market quotations at statement date | Income (loss) received and accrued |
|---|---|---|---|---|
| Cash and cash equivalents [a] | | 4,470,198 | 4,470,198 | 49,755 |
| Trade and other receivables [b] | | 5,267,272 | 5,267,272 | - |
| Financial assets at fair value through profit or loss [c] | | 37,334 | 37,334 | 4,438 |
| Refundable deposits [d] | | 55,996 | 55,996 | - |
| Financial assets at fair value through other comprehensive income [e] | | | | - |
| Quoted shares | 8 | 84,450 | 84,450 | 3,100 |
| Unquoted shares | 298,516 | 765,418 | 765,418 | - |
| | | 849,868 | 849,868 | - |
| | | 10,680,668 | 10,680,668 | - |

[a] See Note 3 to the Consolidated Financial Statements
[b] See Note 5 to the Consolidated Financial Statements
[c] See Note 4 to the Consolidated Financial Statements
[d] See Notes 7 and 14 to the Consolidated Financial Statements
[e] See Note 11 to the Consolidated Financial Statements

**Shang Properties, Inc. and Subsidiaries**

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders

As at December 31, 2025, 2024 and 2023

(All amounts in thousands of Philippine Peso)

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

See Note 28 to the Consolidated Financial Statements.

**Shang Properties, Inc. and Subsidiaries**

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

As at December 31, 2025, 2024 and 2023

(All amounts in thousands of Philippine Peso)

| Name and designation of debtor | Balance at beginning of period | Additions | Amounts collected | Amounts written off | Current | Not Current | Balance at end of period |
|---|---|---|---|---|---|---|---|
| Shang Properties, Inc. | 20,205,136 | 5,316,887 | 428,101 | - | 5,316,887 | 19,777,036 | 25,093,922 |
| Silver Hero from SPDI | 2,317,500 | - | - | - | - | 2,317,500 | 2,317,500 |
| Shang Property Developers, Inc. | 2,252,824 | - | 119,896 | - | - | 2,132,928 | 2,132,928 |
| Shangri-la Plaza Corp. | 522,721 | 2,925 | 2,899 | - | 2,925 | 519,822 | 522,746 |
| The Rise Development Company, Inc. | 212,917 | 5,104 | 54,006 | - | 5,104 | 158,911 | 164,016 |
| Shang Property management Services, Inc. | 186,444 | 49,583 | 27,337 | - | 49,583 | 159,106 | 208,689 |
| Shang Properties Realty Corporation | 175,405 | 31,529 | 49,880 | - | 31,529 | 125,525 | 157,054 |
| Perfect Sites Inc. | 161,109 | 3,500 | - | - | 3,500 | 161,109 | 164,609 |
| Shang Wack Wack Properties, Inc. | 82,002 | 188 | - | - | 188 | 82,002 | 82,190 |
| SPI Property Developers, Inc. | 29,810 | 1,334 | 26,081 | - | 1,334 | 3,729 | 5,063 |
| SPI Land Development, Inc. | 18,997 | 739 | 13,131 | - | 739 | 5,867 | 6,606 |
| SPI Property Holdings, Inc. | 7,147 | 227 | 1,654 | - | 227 | 5,493 | 5,720 |
| Shang Global City Properties, Inc. | 4,702 | 6,277 | 4,702 | - | 6,277 | - | 6,277 |
| New Contour Realty Inc. | 4,028 | 2 | - | - | - | 4,030 | 4,030 |
| KSA Realty Corporation | 2,949 | 3,847 | 2,774 | - | 3,847 | 175 | 4,022 |
| KPPI Realty Corporation | 4 | - | - | - | | 4 | 4 |
| | 26,183,696 | 5,422,141 | 730,461 | - | 5,422,139 | 25,453,237 | 30,875,376 |

See Notes 28 to the Consolidated Financial Statements

**Shang Properties, Inc. and Subsidiaries**
Schedule D – Long-Term Debt
As at December 31, 2025, 2024 and 2023
(All amounts in thousands of Philippine Peso)

| Title of issue and type of obligation | Amount authorized by indenture | Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position | Amount shown under caption "Long-term debt" in related Statement of Financial Position |
|---|---|---|---|
| BPI Long Term Loan | 15,000,000 | - | 14,573,000 |
| BPI Short Term Loan Line | 7,500,000 | 50,000 | - |
| BDO Short Term Credit Line | 10,000,000 | 4,472,000 | - |
| | 32,500,000 | 4,522,000 | 14,573,000 |

**Shang Properties, Inc. and Subsidiaries**
Schedule E - Indebtedness to Related Parties
As at December 31, 2025, 2024 and 2023
(All amounts in thousands of Philippine Peso)

| Name of related party | Balance at beginning of period | Balance at end of period |
|---|---|---|
| Shangri-La International Hotel Management Limited | 20,783 | 100,565 |
| St. Francis Shangri-La place Condo. Corp. | 277 | 176 |
| The Enterprise Center condo. Corp | 14,701 | 4,403 |
| Others | 140,521 | 42,923 |
| | 176,282 | 148,067 |

See Notes 15 and 28 to the Consolidated Financial Statements

**Shang Properties, Inc. and Subsidiaries**
Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2025, 2024 and 2023
(All amounts in thousands of Philippine Peso)

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

**Shang Properties, Inc. and Subsidiaries**
Schedule G - Share Capital
As at December 31, 2025, 2024 and 2023
(All amounts in thousands of Philippine Peso)

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

See Note 18 to the Consolidated Financial Statements

**Shang Properties, Inc.**

**Reconciliation of Retained Earnings Available for Dividend Declaration**

As at December 31, 2025

(All amounts in thousands of Philippine Peso)

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

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

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

**External Audit Fees and Services**

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

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

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

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

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

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

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

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

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

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

Not Applicable

**PART III - CONTROL AND COMPENSATION INFORMATION**

**Item 9. Directors and Executive Officers of the Issuer**

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

Directors, Executive Officers, Promoters and Control Persons

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

The Directors, Independent Directors and Executive Officers of the Issuer are as follows (as of **31 March 2026**):

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

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

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

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

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

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

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

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

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

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

***Wolfgang Krueger*** was the Regional Executive Vice President for Shangri-La International Hotels Limited and looked after all the Shangri-La Hotels in the Philippines. He joined Shangri-La Group in 2003 and has been with the group for over 18 years.

******Maximo G. Licauco III*** He is the President of Filstar Distributors Corporation (Licensee of Hallmark Cards and exclusive distributor of BIC Products). He was previously an Area Vice President of National Book Store, Inc. where he spent 34 years in the retail business. He graduated at the Ateneo De Manila University with Bachelor of Arts Degree major in Economics.

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

He holds a Bachelor's Degree in Accounting and Accounting Certificate from the Institute of Chartered Accountants of India and PG Diploma in Management.

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

***Mabel P. Tacorda*** is the Chief Financial Officer of the Issuer effective 01 January 2023. Ms. Tacorda has been with the Issuer for almost 14 years prior to being promoted as CFO. She started with the Issuer as an Accounting Manager, then became Senior Accounting Manager, Group Accounting Manager, Assistant Financial Controller, Group Financial Controller and recently appointed as the Chief Financial Officer. Her career started in Audit with SGV & CO. in 1994 and left the firm as an Associate Director in 2004. She also worked as an Audit Analyst – Business Risk from 2006 to 2009. She graduated Bachelor of Science in Accountancy from the University of St. La Salle, *cum laude*, accredited Financial Analyst by the American Academy of Financial Management, passed the Certifying Examination of the Institute of Internal Auditors as a Certified Internal Auditor and a Certified Public Accountant.[1]

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

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

(2) Significant Employees

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

(3) Family Relationships

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

(4) Involvement in Certain Legal Proceedings

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

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

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

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

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

**Item 10. Executive Compensation**

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

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. **2024 and 2025** and to be paid in the ensuing fiscal year **2026** to the Company's Chief Executive Officer and four (4) other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group:

| OFFICERS/DIRECTORS | FISCAL YEAR | AGGREGATE COMPENSATION (in Php) | | |
|---|---|---|---|---|
| | | BASIC | BONUS | TOTAL |
| | | | | |
| **2026** | | **101,183,394.00** | **18,382,612.77** | **119,566,006.77** |
| Wolfgang Krueger | | | | |
| Karlo Marco P. Estavillo | | | | |
| Maria Rochelle S. Diaz | | | | |
| Andrew den Oudsten | | | | |
| Federico G. Noel, Jr. | | | | |
| Rajeev Garg | | | | |
| Alok Agarwal | | | | |
| | | | | |
| **2025** | | **99,638,006.00** | **17,543,594.68** | **117,181,600.68** |
| Wolfgang Krueger | | | | |
| Karlo Marco P. Estavillo | | | | |
| Maria Rochelle S. Diaz | | | | |
| Andrew den Oudsten | | | | |
| Federico G. Noel, Jr. | | | | |
| Rajeev Garg | | | | |
| Mabel P. Tacorda | | | | |
| | | | | |
| **2024** | | **94,682,198.00** | **13,424,236.92** | **108,106,434.92** |
| Wolfgang Krueger | | | | |
| Maria Rochelle S. Diaz | | | | |
| Rajeev Garg | | | | |
| Federico G. Noel Jr. | | | | |
| Karlo Marco P. Estavillo | | | | |
| Andrew den Oudsten | | | | |
| Mabel P. Tacorda | | | | |

**Compensation of Directors**

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

**Other arrangements with Directors**

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

**Warrants and options**

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

**Item 11. Security Ownership of Certain Beneficial Owners and Management**

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

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

Following are the stockholders who are known to the Issuer to be directly or indirectly the record and/or beneficial owner of more than 5% of any class of the Issuer's voting shares as of **31 March 2026.**

| Title of Class | Name, address of record owner and relationship with issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | Percentage |
|---|---|---|---|---|---|
| Common | Travel Aim Investment B. V.<br>25/F Kerry Centre<br>683 King's Road<br>Quarry Bay, HK | R | Filipino | 1,648,869,372 | 34.61% |
| Common | Ideal Sites & Properties, Inc. | R | Filipino | 1,465,144,627 | 30.75% |
| Common | PCD Nominee Corporation (Filipino)<br>G/F, MSE Building<br>6767 Ayala Avenue<br>Makati City | R | Filipino | 1,009,541,771 | 21.19% |

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

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

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

(2) Security Ownership of Management **(as of 31 March 2026)**

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

As of the reporting of SEC Form 17-A for 2025, the aggregate ownership of all directors and officers as a group unnamed is **5,280,976** shares or **0.000**% of the outstanding shares of Issuer.

(3) Voting trust holders of 5% or more

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

(4) Changes in Control

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

**Item 12. Certain Relationships and Related Transactions**

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

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

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

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

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

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

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

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of **31 March 2026** is **34.53%** of the Issuer's total issued and outstanding shares is publicly owned in accordance with the PSE's guidelines for the computation of public ownership.

**PART IV – CORPORATE GOVERNANCE**

**Item 13. Corporate Governance**

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

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

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

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

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

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

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

None

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

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

## PART V — EXHIBITS AND SCHEDULES

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

(a) Exhibits

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

| | Description | 12-1 | 17-C | 17-Q | 17-A |
|---|---|---|---|---|---|
| 1 | Publication of Notice re: Filing | x | | | |
| 2 | Underwriting Agreement | x | x | | |
| 3 | Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession | x | x | x | n/a |
| 4 | (A) Articles of Incorporation<br>(B) By-laws | x | x | | |
| 5 | Instruments Defining the Rights of Security Holders, Including Indentures | x | x | x | n/a |
| 6 | Opinion re: Legality | x | | | |
| 7 | Opinion re: Tax Matters | x | | | |
| 8 | Voting Trust Agreement | x | x | | n/a |
| 9 | Material Contracts | x | x | | |
| 10 | Annual Report to Security Holders, FORM 17-Q or Quarterly Report to Security Holders—n1 | x | | | n/a |
| 11 | Material Foreign Patents | x | | | |
| | Description | 12-1 | 17-C | 17-Q | 17-A |
| 12 | Letter re: Unaudited Interim Financial Information | x | | x | |
| 13 | Letter re: Change in Certifying Accountant—n2 | x | x | | n/a |
| 14 | Letter re: Director Resignation | | x | | |
| 15 | Letter re: Change in Accounting Principles | | | | n/a |
| 16 | Report Furnished to Security Holders | | | x | n/a |
| 17 | Other Documents or Statements to Security Holders | | | x | |
| 18 | Subsidiaries of the Issuer | x | | | x |
| 19 | Published Report Regarding Matters Submitted to Vote of Security Holders | x | | | n/a |
| 20 | Consents of Experts and Independent Counsel | x | x-n3 | x-n3 | x-n3 |
| 21 | (a) Power of Attorney<br>(b) Power of Attorney—Foreign Issuer | x | x | x | n/a |
| 22 | Statement of Eligibility of Trustee | x | | | |

| | | | | | |
|---|---|---|---|---|---|
| 23 | Exhibits To Be Filed With Commercial Papers/Bond Issues | x | | | |
| 24 | Exhibits To Be Filed With Stock Options Issues | x | | | |
| 25 | Exhibits To Be Filed By Investment Companies | x | | | |
| | Description | **12-1** | **17-C** | **17-Q** | **17-A** |
| 26 | Notarized Curriculum Vitae and Photographs of Officers and Members of the Board of Directors | x | | | |
| 27 | Copy of the BOI Certificate for BOI Registered Companies | x | | | |
| 28 | Authorization re: Issuer's Bank Accounts. | x | | | |
| 29 | Additional Exhibits | x | x | x | n/a |
| 30 | Copy of Board Resolution approving the securities offering and authorizing the filing of the Registration Statement | x | | | |
| 31 | Duly verified resolution of the issuer's Board of Directors approving the disclosures contained in the registration statement and assuming liability for the information contained therein | x | | | |
| 32 | Secretary's Certificate as to adoption by the Board of certain corporate governance principles | x | | | |
| 33 | Exhibits to be filed for proprietary or non-proprietary shares issues | x | | | |
| 34 | Exhibits to be filed for Warrants Issues | x | | | |

(b) Reports on SEC Form 17-C

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

**Following are the reports, in SEC Form 17-C, which were filed during the fiscal year ended 31 December 2025:**

1. **12 March 2025** – Reports that during the regular meeting of the Issuer's Board of Directors held on 12 March 2025, the Board approved the following:

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

   ii) Passed resolution to approve the audited financial statements of the Issuer for the year ended 31 December 2024.

2. **02 April 2025 –** Issuer will hold its Annual Stockholders' Meeting on 17 June 2025 at 10:00 A.M. at the Garden Ballroom, Edsa Shangri-La Hotel, Manila. Record date is set on 19 May 2025.

3. **30 April 2025 -** Ms. Mabel Tacorda, Chief Financial Officer, formally resigned effective 31 May 2025.

4. **17 June 2025** – Reports that during the regular meeting of the Issuer's Board of Directors held on 17 June 2025, the following matters were taken up:

   i) Election of Directors

   The following were elected to serve as members of the Board of Directors for the year 2025-2026, namely:

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

ii) Issuer's Certifying Accountant

**PriceWaterhouseCoopers Philippines** was appointed as external auditors for the year **2025-2026**.

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

**Election of Officers:**

| | | | |
|---|---|---|---|
| 1) | Edward Kuok Khoon Loong | - | Chairman |
| 2) | Maximo G. Licauco III | - | Vice Chairman |
| 3) | Wolfgang Krueger | - | Executive Director |
| 4) | Karlo Marco P. Estavillo | - | Chief Operating Officer |
| 5) | Maria Rochelle S. Diaz | - | Executive Vice President |
| 6) | Andrew Den Oudsten | - | Executive Vice President |
| 7) | Federico G. Noel, Jr. | - | Corporate Secretary |

**Audit Committee:**

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

**Corporate Governance Committee:**

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

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

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

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

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

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

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

## SIGNATURES

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

By:

**KARLO MARCO P. ESTAVILLO**
Chief Operating Officer

**ALOK AGARWAL**
Group Director of Finance

**FEDERICO G. NOEL, JR.**
Corporate Secretary

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

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

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

**ATTY. ARCHIMEDES W. VILLANUEVA**
Commission No. 0679-25
Notary Public for and in Mandaluyong City
Until 31 December 2026
Level 5 Shangri-La Plaza, EDSA cor. Shaw Blvd., Mandaluyong City
Roll No. 67435
PTR No. 6038150 / 05 Jan 2026 / Mandaluyong City
IBP Lifetime No. 017379 / 20 May 2017 / RSM Chapter
MCLE Compliance No. VIII-0039684 / 15 Jul 2025 / Pasig City

# COVER SHEET

**for**

**AUDITED FINANCIAL STATEMENTS**

**SEC REGISTRATION NUMBER**

| 1 | 4 | 5 | 4 | 9 | 0 | | | | |
|---|---|---|---|---|---|---|---|---|---|

**COMPANY NAME**

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

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

| A | D | M | I | N | I | S | T | R | A | T | I | O | N | | O | F | F | I | C | E | | S | H | A | N | G | R | I | - |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| L | A | | P | L | A | Z | A | | M | A | L | L | | E | D | S | A | | C | O | R | N | E | R | | S | H | A | W |
| B | O | U | L | E | V | A | R | D | | M | A | N | D | A | L | U | Y | O | N | G | | | C | I | T | Y | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

## COMPANY INFORMATION

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

| No. of Stockholders | Annual Meeting (Month/Day) | Fiscal Year (Month/Day) |
|---|---|---|
| 5,075 | any day in June | December 31 |

## CONTACT PERSON INFORMATION

**The designated contact person MUST be an Officer of the Corporation**

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

## CONTACT PERSON's ADDRESS

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

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

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

## Catherine Trambulo

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

**Elsie Cagalingan**, Payroll
Shang Properties, Inc.
**A**: Shangri-La Plaza, Shang Central, EDSA corner Shaw Blvd., Mandaluyong City 1550, Philippines
**T**: (63 2) 8370-2700 local 731
W: www.shangproperties.com

**From:** eafs@bir.gov.ph <eafs@bir.gov.ph>
**Sent:** Tuesday, 14 April 2026 6:09 pm
**To:** Elsie Cagalingan <ELSIE.CAGALINGAN@SHANGPROPERTIES.COM>
**Cc:** Michaela Mensalvas <MICHAELA.MENSALVAS@SHANGPROPERTIES.COM>
**Subject:** Your BIR AFS eSubmission uploads were received

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

Hi SHANG PROPERTIES INC.,

**Valid files**

- EAFS000144386ITRTY122025.pdf
- EAFS000144386AFSTY122025.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-4122ZMTT0999BECMQWRTRWN0QSYM4ZY1**
Submission Date/Time: **Apr 14, 2026 06:08 PM**
Company TIN: **000-144-386**

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

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https://www.shangproperties.com/

SHANG
PROPERTIES

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The management of **SHANG PROPERTIES INC** is responsible for the preparation and fair presentation of the **consolidated** financial statements including the schedules attached therein, for the years ended December 31, 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 Long**
Chairman of the Board

**Alok Agarwal**
Group Director of Finance

**Wolfgang Krueger**
Executive Director

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

Name: Edward Kuok Khoon Long Identity No: AS4177655 Issued At: Hong Kong Exp. 20 Nov 2026
Name: Wolfgang Krueger Identity No: CHKR6915N Issued At: Central Konkwat HK Exp. 13 Mar 2028
Name: Alok Agarwal Identity No: 348 12432 Issued At: Manila Exp. 11 Sep 2028

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

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

SHANG
PROPERTIES

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The management of **SHANG PROPERTIES INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

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

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

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

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

**Edward Kuok Khoon Long**
Chairman of the Board

**Alok Agarwal**
Group Director of Finance

**Wolfgang Krueger**
Executive Director

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

Name: Edward Kuok Khoon Long Identity No: [illegible] Issued At: [illegible]
Name: Wolfgang Krueger Identity No: [illegible] Issued At: [illegible]
Name: Alok Agarwal Identity No: [illegible] Issued At: [illegible]

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 Cit
IBP No. 576712, 12/30/2025; Albay Chapter

DOC NO.: 402
PAGE NO.: 82
BOOK NO.: VI
SERIES OF 2026

# COPY FOR THE
# BUREAU OF INTERNAL REVENUE

pwc Isla Lipana & Co.

# Independent Auditor's Report

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

## Report on the Audits of the Financial Statements

### Our Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Shang Properties, Inc. (the "Company") as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### What we have audited

The separate financial statements of the Company comprise:

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

## Basis for Opinion

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

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

### Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the separate financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

## Report on the Bureau of Internal Revenue Requirement

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

**Isla Lipana & Co.**

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 8, 2026, Makati City
SEC A.N (individual) as general auditors 105660 -SEC, Category A;
valid to audit 2020 to 2025 financial statements
SEC A.N (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
T.I.N. 221-755-698
BIR A.N. 08-000745-077-2023; issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142/P-003, effective until November 14, 2028

Makati City
March 23, 2026

pwc Isla Lipana & Co.

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

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

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

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

**Isla Lipana & Co.**

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 8, 2026, Makati City
SEC A.N (individual) as general auditors 105660 -SEC, Category A;
valid to audit 2020 to 2025 financial statements
SEC A.N (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
T.I.N. 221-755-698
BIR A.N. 08-000745-077-2023; issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142/P-003, effective until November 14, 2028

Makati City
March 23, 2026

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



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**Shang Properties, Inc.**

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

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 2 | 1,369,526,862 | 441,074,261 |
| Financial assets at fair value through profit or loss | 3 | 1,749,008 | 1,425,185 |
| Trade and other receivables, net | 4 | 26,841,209,570 | 23,341,183,815 |
| Properties held for sale, net | 5 | 11,855,279 | 11,855,279 |
| Prepayments and other current assets | 6 | 7,574,015 | 38,711,049 |
| Total current assets | | 28,231,914,734 | 23,834,249,589 |
| **Non-current assets** | | | |
| Investments and advances | 7 | 18,919,158,365 | 17,613,536,100 |
| Investment properties | 8 | 18,795,367,057 | 18,787,891,547 |
| Financial assets at fair value through other comprehensive income, net | 9 | 239,383,642 | 236,283,642 |
| Property and equipment, net | 10 | 80,956,547 | 81,272,612 |
| Creditable withholding tax | 6 | 322,904,144 | 313,289,368 |
| Refundable deposits | 11 | 2,367,242 | 1,925,582 |
| Total non-current assets | | 38,360,136,997 | 37,034,198,851 |
| **Total assets** | | 66,592,051,731 | 60,868,448,440 |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Accounts payable and other current liabilities | 12 | 2,696,911,098 | 2,732,243,730 |
| Bank loans | 13 | 4,522,000,000 | 11,055,000,000 |
| Dividends payable | | 92,075,333 | 83,865,757 |
| Total current liabilities | | 7,310,986,431 | 13,871,109,487 |
| **Non-current liabilities** | | | |
| Bank loans | 13 | 14,573,000,000 | 7,040,000,000 |
| Deferred income tax liabilities, net | 19 | 4,470,972,305 | 4,448,978,567 |
| Retirement benefit liability | 18 | 47,845,937 | 48,688,632 |
| Deposits from tenants | | 1,277,886 | 1,277,886 |
| Total non-current liabilities | | 19,093,096,128 | 11,538,945,085 |
| Total liabilities | | 26,404,082,559 | 25,410,054,572 |
| **Equity** | | | |
| Share capital | 14 | 4,764,058,982 | 4,764,058,982 |
| Share premium | 14 | 1,210,073,869 | 1,210,073,869 |
| Treasury shares | 14 | (6,850,064) | (6,850,064) |
| Other comprehensive income | 9,14,18 | 119,426,070 | 116,791,070 |
| Retained earnings – appropriated | 14 | 8,622,000,000 | - |
| Retained earnings - unappropriated | 14 | 25,479,260,315 | 29,374,320,011 |
| Total equity | | 40,187,969,172 | 35,458,393,868 |
| **Total liabilities and equity** | | 66,592,051,731 | 60,868,448,440 |

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

**Shang Properties, Inc.**

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

| | Notes | 2025 | 2024 |
|---|---|---|---|
| Rental revenue | 8, 22 | 394,982,252 | 371,807,517 |
| Cost of services | 8 | 33,450,635 | 32,490,926 |
| **Gross profit** | 8 | 361,531,617 | 339,316,591 |
| Operating expenses | | | |
| Provision for impairment of receivables | 4, 20 | - | 751,976,666 |
| Staff costs | 15 | 100,472,029 | 283,731,288 |
| Depreciation and amortization | 10 | 19,701,847 | 17,273,211 |
| Taxes and licenses | | 29,821,989 | 15,080,227 |
| Other operating expenses | 16 | 114,008,776 | 92,199,484 |
| | | 264,004,641 | 1,160,260,876 |
| **Other income** | | | |
| Dividend income | 7, 20 | 4,604,709,747 | 1,808,632,538 |
| Gain (loss) on fair value change of investment properties | 8 | - | 4,750,418,442 |
| Miscellaneous income, net | 17 | 662,350 | 3,049,351 |
| | | 4,605,372,097 | 6,562,100,331 |
| Finance income, net | | | |
| Interest income | 2, 7 | 88,648,763 | 79,144,787 |
| Interest expense | | (81,337,514) | (28,451,052) |
| | | 7,311,249 | 50,693,735 |
| Share in net income of a joint venture | 7 | 1,353,587,187 | 2,526,569,122 |
| **Income before income tax** | | 6,063,797,509 | 8,318,418,903 |
| Income tax expense | 19 | (28,795,010) | (1,048,146,285) |
| **Net income for the year** | | 6,035,002,499 | 7,270,272,618 |
| Other comprehensive income | | | |
| Items that will not be subsequently reclassified to profit or loss | | | |
| Increase in fair value of equity investments at fair value through other comprehensive income, net of tax | 9 | 2,635,000 | 14,705,000 |
| Remeasurement of retirement benefit obligation | 18 | - | 2,221,652 |
| | | 2,635,000 | 16,926,652 |
| **Total comprehensive income for the year** | | 6,037,637,499 | 7,287,199,270 |
| **Basic and diluted earnings per share** | 14 | 1.27 | 1.53 |

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

**Shang Properties, Inc.**

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

| | Share capital (Note 14) | Share premium (Note 14) | Treasury shares (Note 14) | Other comprehensive income | Retained earnings – appropriated (Note 14) | Retained earnings - unappropriated (Note 14) | Total equity |
|---|---|---|---|---|---|---|---|
| **Balances at January 1, 2024** | 4,764,058,982 | 1,210,073,869 | (6,850,064) | 99,864,418 | - | 24,374,576,569 | 30,441,723,774 |
| Impact of adoption of accounting for significant financing component | - | - | - | - | - | (890,855,430) | (890,855,430) |
| **Balances at January 1, 2024, as restated** | 4,764,058,982 | 1,210,073,869 | (6,850,064) | 99,864,418 | - | 23,483,721,139 | 29,550,868,344 |
| **Comprehensive income** | | | | | - | | |
| Net income for the year | - | - | - | - | | 7,270,272,618 | 7,270,272,618 |
| Other comprehensive income | - | - | - | 16,926,652 | - | - | 16,926,652 |
| Total comprehensive income | - | - | - | 16,926,652 | - | 7,270,272,618 | 7,287,199,270 |
| **Transaction with owners** | | | | | - | | |
| Cash dividends declared (Note 14) | - | - | - | - | | (1,379,673,746) | (1,379,673,746) |
| **Balances at December 31, 2024** | 4,764,058,982 | 1,210,073,869 | (6,850,064) | 116,791,070 | - | 29,374,320,011 | 35,458,393,868 |
| **Comprehensive income** | | | | | | | |
| Net income for the year | - | - | - | - | - | 6,035,002,499 | 6,035,002,499 |
| Other comprehensive income | - | - | - | 2,635,000 | - | - | 2,635,000 |
| Total comprehensive income | - | - | - | 2,635,000 | - | 6,035,002,499 | 6,037,637,499 |
| **Transaction with owners** | | | | | | | |
| Cash dividends declared (Note 14) | - | - | - | - | - | (1,308,062,195) | (1,308,062,195) |
| Appropriation during the year (Note 14) | - | - | - | - | 8,622,000,000 | (8,622,000,000) | - |
| **Balances at December 31, 2025** | 4,764,058,982 | 1,210,073,869 | (6,850,064) | 119,426,070 | 8,622,000,000 | 25,479,260,315 | 40,187,969,172 |

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

**Shang Properties, Inc.**

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

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

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

**Shang Properties, Inc.**

Notes to the Separate Financial Statements
As at and for the years ended December 31, 2025 and 2024
(In the notes, all amounts are shown in Philippine Peso, unless otherwise stated)

## 1 General information

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

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

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

The Company has its primary listing on the Philippine Stock Exchange (PSE). It was registered on June 13, 1991 with total listed shares of 4,764,058,982, which was initially issued at P1.18 per share. As at December 31, 2025, the Company has 5,075 shareholders (2024 - 5,103). The details of the Company's shareholders are disclosed in the annual report.

*Geopolitical Uncertainty*

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

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

## 2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

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

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

Cash in banks and cash equivalents earn interest at prevailing market rates. Total interest income earned and interest receivable for the year ended and as at December 31, 2025 amounted to P2,533,812 and P574,594, respectively (2024 – P3,997,550 and P55,180, respectively) (Note 4).

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

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

## 3 Financial assets at fair value through profit or loss

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

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

## 4 Trade and other receivables, net

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

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

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

*Trade receivables*

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

*Receivables from related parties*

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

*Advances to officers and employees*

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

*Other non-trade receivables*

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

*Allowance for impairment of non-trade receivables*

In 2025, the Company recognized no provision for impairment.

## 5 Properties held for sale

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

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

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

## 6 Prepayments and other current assets: Creditable withholding tax

*a. Prepayments and other current assets*

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

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

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

*b. Creditable withholding tax*

Creditable withholding tax as at December 31 consist of:

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

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

## 7 Investments and advances

Investments and advances at December 31 consist of:

| | Ownership % | | Amount | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Subsidiaries: | | | | |
| Property development: | | | | |
| Shang Properties Realty Corporation (SPRC) | 100 | 100 | 950,036,621 | 950,036,621 |
| Shang Wack Wack Properties, Inc. (SWWPI) | 100 | 100 | 850,500,000 | 850,500,000 |
| Shang Property Developers, Inc. (SPDI) | 100 | 100 | 5,000,000 | 5,000,000 |
| SPI Land Development, Inc. | 100 | 100 | 1,000,000 | 1,000,000 |
| SPI Property Developers, Inc. | 100 | 100 | 1,000,000 | 1,000,000 |
| SPI Property Holdings, Inc. | 100 | 100 | 1,000,000 | 1,000,000 |
| SPI Realty, Inc. (SPI RI) | 100 | 100 | 2,526,268,000 | 2,526,268,000 |
| Leasing: | | | | |
| KSA Realty Corporation (KSA) | 70 | 70 | 4,333,249,902 | 4,333,249,902 |
| Shangri-la Plaza Corporation (SLPC) | 100 | 100 | 699,882,830 | 699,882,830 |
| SPI Parking Services, Inc. (SPSI) | 100 | 100 | 250,000 | 250,000 |
| Real estate: | | | | |
| KPPI Realty Corporation (KRC) | 100 | 100 | 125,000,000 | 125,000,000 |
| New Contour Realty, Inc. (NCRI) | 100 | 100 | 50,000 | 50,000 |
| Perfect Sites, Inc. (PSI) | 100 | 100 | 250,000 | 250,000 |
| Ivory Post Properties, Inc. (IPPI) | 100 | 100 | 250,000 | 250,000 |
| Shang Fort Bonifacio Holdings, Inc. (SFBHI) | 100 | 100 | 500,000 | 500,000 |
| Shang Global City Holdings, Inc. (SGCHI) | 100 | 100 | 500,000 | 500,000 |
| Martin B Properties, Inc. (MBPI) | 100 | 100 | 400,000 | 400,000 |
| Property management: | | | | |
| KPPI Management Services Corporation (KMSC) | 100 | 100 | 1,000,000 | 1,000,000 |
| Shang Property Management Services, Inc. (SPMSI) | 100 | 100 | 50,000 | 50,000 |
| Other supplementary business: | 100 | | | |
| Gipsey, Ltd. (Gipsey) | 100 | 100 | 2,095,810,078 | 2,095,810,078 |
| EPHI Logistics Holdings, Inc. (ELHI) | 60 | 60 | 900,000 | 900,000 |
| Guidebo Properties, Inc. | 100 | 100 | 62,500 | 62,500 |
| Laguna Hills Property Ventures, Inc. | 100 | 100 | 62,500 | 62,500 |
| | | | 11,593,022,431 | 11,593,022,431 |
| Immaterial Associate: | | | | |
| Real estate: | | | | |
| Ideal Sites and Properties, Inc. (ISPI) | 40 | 40 | 250,000 | 250,000 |
| Joint venture: | | | | |
| Real estate: | | | | |
| Shang Robinsons Properties, Inc. (SRPI) | 50 | 50 | 8,567,924,615 | 7,262,302,350 |
| Deposits for future share subscription, and advances to subsidiaries, associate, and joint venture | | | 291,469,004 | 291,469,004 |
| | | | 20,452,666,050 | 19,147,043,785 |
| Allowance for impairment losses | | | (1,533,507,685) | (1,533,507,685) |
| | | | 18,919,158,365 | 17,613,536,100 |

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

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

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

(a) The Rise Development Company, Inc. (TRDCI) - A wholly owned subsidiary of KRC.
(b) Silver Hero Investments Limited (SHIL) - A wholly owned subsidiary of Gipsey.
(c) Shang Global City Properties, Inc. (SGCPI) – 30.34% owned by SGCHI and 29.66% owned by SFBHI. Both SGCHI and SFBHI are wholly owned subsidiaries of the Company.
(d) Sky Leisure Properties, Inc. (SLPI) - A wholly owned subsidiary of Perfect Sites Inc.

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

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

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

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

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the year ended December 31, 2025 are as follows:

| | KSA | SGCPI |
|---|---|---|
| Total current assets | 473,210,968 | 1,551,052,297 |
| Total non-current assets | 10,666,106,762 | 6,666,582,788 |
| Total assets | 11,139,317,730 | 8,217,635,085 |
| Total current liabilities | 412,791,906 | 1,207,830,697 |
| Total non-current liabilities | 2,471,032,006 | 31,783,570 |
| Total liabilities | 2,883,823,912 | 1,239,614,267 |
| Net assets | 8,255,493,818 | 6,978,020,818 |
| Non-controlling interest share in net assets | 2,473,345,948 | 2,791,208,326 |

| | | |
|---|---|---|
| Revenue | 962,328,225 | 4,776,802,504 |
| Cost and expenses | (150,430,448) | (2,301,304,794) |
| Other expenses | (4,730,513) | (1,012,692,697) |
| Income before provision for income tax | 807,167,264 | 1,462,805,013 |
| Income tax expense | (153,339,591) | (363,732,278) |
| Net income for the year | 653,827,673 | 1,099,072,735 |
| Other comprehensive income | (535,751) | 1,263,037 |
| Total comprehensive income for the year | 653,291,922 | 1,100,335,772 |
| Non-controlling interest share in total comprehensive income for the year | 195,726,260 | 440,134,308 |

| | KSA | SGCPI |
|---|---|---|
| Cash flows provided by (used in): | | |
| Operating activities | 675,827,633 | 1,046,014,971 |
| Investing activities | (104,598) | (19,522,681) |
| Financing activities | (526,000,000) | (1,283,874,840) |

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

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

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

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

*Investment in and advances to a joint venture*

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

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

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

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

SRPI launched Aurelia Residences, 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%).

This account as at December 31 consist of:

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

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

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

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

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

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

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

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

*Critical accounting judgment - Recoverability of investment and advances*

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

As of December 31, 2025, the Company has not recognized any allowance for impairment losses on its investments and advances. No additional allowance for impairment recognized during the reporting period since management believes that the remaining carrying amount of its investments and advances are fully recoverable.

*Significant accounting judgment - joint control assessment*

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

## 8 Investment properties

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

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

| | Note | Land | Building | Total |
|---|---|---|---|---|
| January 1, 2024 | | 13,217,221,203 | 802,460,052 | 14,019,681,255 |
| Capitalized subsequent expenditure | | - | 17,726,939 | 17,726,939 |
| Construction in Progress | | - | 615,190 | 615,190 |
| Transfers due to change in use to properties held for sale | 5 | - | (550,279) | (550,279) |
| Fair value gain | | 4,750,418,442 | - | 4,750,418,442 |
| December 31, 2024 | | 17,967,639,645 | 820,251,902 | 18,787,891,547 |
| Capitalized subsequent expenditure | | - | 7,475,510 | 7,475,510 |
| Construction in Progress | | - | - | - |
| Transfers due to change in use to properties held for sale | 5 | - | - | - |
| December 31, 2025 | | 17,967,639,645 | 827,727,412 | 18,795,367,057 |

The Company's investment properties in 2025 and 2024 consist of parcels of land, carpark building and condominium units. The land and carpark building are being leased out to subsidiaries and third parties.

As at December 31, 2025 and 2024, the fair values of the properties are based on valuations performed by an independent external appraiser engaged by the management. The valuation models are in accordance with that recommended by the International Valuation Standards Committee.

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

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

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

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

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

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

*Critical accounting estimate - Determination of fair values of investment properties*

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

| | 2025 | | |
|---|---|---|---|
| Fair value of hierarchy | Land | Buildings | Total |
| Level 2 | 9,947,463,325 | 827,727,412 | 10,775,190,737 |
| Level 3 | 8,020,176,320 | - | 8,020,176,320 |
| Total | 17,967,639,645 | 827,727,412 | 18,795,367,057 |
| | 2024 | | |
| Fair value of hierarchy | Land | Buildings | Total |
| Level 2 | 9,947,463,325 | 820,251,902 | 10,767,715,227 |
| Level 3 | 8,020,176,320 | - | 8,020,176,320 |
| Total | 17,967,639,645 | 820,251,902 | 18,787,891,547 |

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

The fair values of the Company's condominium units are determined using the market comparison approach (Level 2). Under the market comparison approach, a property's fair value is estimated based on comparable transactions adjusted for bargaining allowance, marketability, location, size and terrain. The market comparison approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. For sensitivity analysis purposes, any +/- 1% change in market rental value per square meter would increase/decrease total assets and pre-tax income by P108 million (2024 – P108 million).

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

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

| Property | Fair value as at December 31, 2025 and 2024 | Valuation technique | Unobservable inputs | Range of unobservable inputs (probability - weighted average) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| Land where the main wing and east wing of Shangri-La Plaza mall is located | P8,020,176,320 | Direct income capitalization | Rental value | P1,520 per square meter (2024 – 1,520) | 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 | 8.88% (2024 – 8.88%) | |

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

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

The following are the significant unobservable inputs:

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

For sensitivity analysis purposes, any +/- 1% change in market rental value per square meter would increase/decrease total assets and pre-tax income by P80 million (2024 – P80 million).

*Critical accounting judgments*

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

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

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

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

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

*(b) Classification of leases as operating lease*

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

The carrying values of investment properties as at December 31, 2025 and 2024 are disclosed in the previous table.

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

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

| | 2025 | 2024 |
|---|---|---|
| Unquoted securities | 78,349,278 | 78,349,278 |
| Quoted securities | 7,551,515 | 7,551,515 |
| Acquisition cost | 85,900,793 | 85,900,793 |
| Cumulative changes in fair value | 153,482,849 | 150,382,849 |
| | 239,383,642 | 236,283,642 |

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

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

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

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

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

## 10 Property and equipment, net

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

| | Building improvements | Leasehold improvements | Transportation equipment | Furniture, fixtures and other equipment | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| January 1, 2024 | 44,137,609 | 76,783,399 | 56,405,004 | 72,653,364 | 249,979,376 |
| Additions | 9,249,197 | - | 13,754,071 | 21,592,046 | 44,595,314 |
| Disposals | - | - | - | - | - |
| December 31, 2024 | 53,386,806 | 76,783,399 | 70,159,075 | 94,245,410 | 294,574,690 |
| Additions | 6,345,265 | - | 1,900,000 | 13,535,393 | 21,780,658 |
| Disposals | - | - | (4,589,500) | - | (4,589,500) |
| Others | - | - | - | (671,202) | (671,202) |
| December 31, 2025 | 59,732,071 | 76,783,399 | 67,469,575 | 107,109,601 | 311,094,646 |
| Accumulated depreciation | | | | | |
| January 1, 2024 | 26,569,657 | 71,203,146 | 41,904,973 | 56,351,091 | 196,028,867 |
| Depreciation | 1,310,354 | 2,244,965 | 6,406,177 | 7,311,715 | 17,273,211 |
| Disposals | - | - | - | - | - |
| December 31, 2024 | 27,880,011 | 73,448,111 | 48,311,150 | 63,662,806 | 213,302,078 |
| Depreciation | 3,149,956 | 1,987,255 | 2,997,622 | 11,567,014 | 19,701,847 |
| Others | (150,380) | - | (479,021) | (2,236,425) | (2,865,826) |
| December 31, 2025 | 30,879,587 | 75,435,366 | 50,829,751 | 72,993,395 | 230,138,099 |
| Net book values at | | | | | |
| December 31, 2024 | 25,506,795 | 3,335,288 | 21,847,925 | 30,582,604 | 81,272,612 |
| December 31, 2025 | 28,852,484 | 1,348,033 | 16,639,823 | 34,116,207 | 80,956,547 |

*Critical accounting estimate - Useful lives of property and equipment*

The useful life of each item of the Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimate is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease non-current assets. In 2025 and 2024, there were no changes in the estimated useful lives of property and equipment.

*Critical accounting judgment - Impairment of non-financial assets*

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

Given historical profitable operations and profit projections, the Company has assessed that there are no impairment indicators with respect to the non-financial assets as at December 31, 2025 and 2024.

## 11 Refundable deposits

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

## 12 Accounts payable and other current liabilities

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

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

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

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

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

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

## 13 Bank loans

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

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

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

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

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

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

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

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

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

The BPI facility requires the Company to maintain a debt-to-tangible net worth ratio of not more than 3:1. The Company complied with this covenant throughout the reporting period.

## 14 Equity

*(a) Share capital, share premium and treasury shares*

Details of share capital and share premium at December 31, 2025 and 2024 are as follows:

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

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

*(b) Retained earnings*

As at December 31, 2025, total unrestricted retained earnings amounted to P25,479,260,315 (2024 - P29,374,320,011). The Company appropriated P8.6 billion from its unrestricted retained earnings for future capital expenditures and property development projects. The excess retained earnings include accumulated fair value gain of P13,430,872,699 (2024 - P13,430,872,699) which are not considered available for dividend declaration. Further the Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008.

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

| Date of declaration | Shareholders of record as at | Payment date | Total | Per share |
|---|---|---|---|---|
| 2026 (subsequent event) | | | | |
| March 18, 2026 | April 6, 2026 | April 21, 2026 | 567,409,070 | 0.119 |
| | | | 567,409,070 | |
| 2025 | | | | |
| August 12, 2025 | August 29, 2025 | September 11, 2025 | 438,572,615 | 0.092 |
| March 12, 2025 | March 28, 2025 | April 11, 2025 | 869,489,580 | 0.183 |
| | | | 1,308,062,195 | |
| 2024 | | | | |
| August 28, 2024 | September 16, 2024 | September 26, 2024 | 640,289,161 | 0.134 |
| March 19, 2024 | April 4, 2024 | April 15, 2024 | 739,384,585 | 0.155 |
| | | | 1,379,673,746 | |
| 2023 | | | | |
| March 22, 2023 | April 11, 2023 | April 21, 2023 | 738,097,342 | 0.155 |
| August 17, 2023 | September 8, 2023 | September 22, 2023 | 640,000,000 | 0.134 |
| | | | 1,378,097,342 | |

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

*(c) Other comprehensive income*

| | Cumulative changes in fair value of FVOCI (Note 9) | Remeasurement of retirement benefit (Note 18) | Total comprehensive income |
|---|---|---|---|
| Balances at January 1, 2024 | 114,241,848 | (14,377,430) | 99,864,418 |
| Other comprehensive income | 14,705,000 | 2,221,652 | 16,926,652 |
| Balances at December 31, 2024 | 128,946,848 | (12,155,778) | 116,791,070 |
| Other comprehensive income | 2,635,000 | - | 2,635,000 |
| Balances at December 31, 2025 | 131,581,848 | (12,155,778) | 119,426,070 |

*(d) Earnings per share*

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

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

*Capital management*

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Company's strategies and policies during 2025 and 2024.

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

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

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

## 15 Staff costs

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

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

## 16 Other operating expenses

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

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

## 17 Miscellaneous income

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

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

## 18 Retirement benefit liability

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

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

The retirement benefit obligation is determined using the “Projected Unit Credit Cost” (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year.
The actuarial present value of the retirement benefit obligation under the plan is measured in terms of actuarial assumptions for discount rate, salary increases, retirement rates and mortality using the 2017 Philippine Intercompany Mortality Table. The discount rates used is a single weighted average rate based on rates as published in the Bankers Association of the Philippines Peso Bloomberg Valuation (PHP BVAL) at various tenors as at December 31, 2025. Rate for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate.

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

*a) Investment risk*

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

*b) Interest rate risk*

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

*c) Longevity risk*

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

*d) Salary risk*

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

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

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

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

The actuarial valuation of the Company's retirement plan was performed by an independent actuary. The latest actuarial valuation report prepared was for the year ended December 31, 2025. The principal assumptions used by the actuary for the years ended December 31 are as follows:

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

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

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

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

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

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

| | 2025 | 2024 |
|---|---|---|
| January 1 | 179,154,727 | 130,907,633 |
| Interest cost | 7,950,995 | 5,828,044 |
| Current service cost | 23,574,720 | 21,173,357 |
| Past service cost | - | 40,456,729 |
| Benefits paid by the Company from retirement funds | (16,438,229) | (5,386,409) |
| Benefits paid from Company operating funds | - | (1,137,420) |
| Remeasurements arising from: | | |
| Experience adjustments | - | (4,498,830) |
| Changes in financial assumptions | - | 5,850,630 |
| Net released obligation due to employee transfers | - | (14,039,007) |
| December 31 | 194,242,213 | 179,154,727 |

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

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

Apart from the benefit payments to certain qualified employees advanced by the Company and the contributions to the plan for the years ended December 31, 2025 and 2024, the Company had no other transactions with the plan.

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

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

At December 31, 2025 and 2024, the Company's plan assets (investment in equity and debt instruments) are determined by reference to published price quotations in an active market (classified as Level 1 in the fair value hierarchy).

There are no plan assets invested in related parties as at and for the years ended December 31, 2025 and 2024.

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

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

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

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

*Critical accounting estimate - Determining retirement benefit obligation*

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

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

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

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

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

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

## 19 Income taxes

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

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

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

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

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

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

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

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

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

| Year incurred | Year of expiry | 2025 | 2024 |
|---|---|---|---|
| 2020 | 2025 | 321,209,689 | 321,209,689 |
| 2021 | 2026 | 252,178,217 | 252,178,217 |
| 2022 | 2025 | 120,463,274 | 120,463,274 |
| 2023 | 2026 | 27,165,997 | 27,165,997 |
| | | 721,017,177 | 721,017,177 |
| Applied | | (33,801,672) | - |
| Expired | | (441,672,963) | - |
| Total | | 279,344,214 | 721,017,177 |
| Unrecognized DTA at 25% | | 69,836,053 | 180,254,294 |

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

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

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

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

*Critical accounting judgment - Income tax*

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

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

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

## 20 Related party transactions

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

| | 2025 | | 2024 | | |
|---|---|---|---|---|---|
| | Transactions | Outstanding receivables (payables) | Transactions | Outstanding receivables (payables) | Terms and conditions |
| ***Subsidiaries*** | | | | | |
| Rental income (a) | 285,029,648 | 19,390,779 | 268,198,307 | 27,243,747 | Balances to be collected in cash and are due generally within 60 days. These are non-interest bearing and are not covered by any security. |
| Management fees (b) | - | - | - | - | Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security. |
| Administrative recharges by the Company | 1,685,740,958 | 21,343,373,660 | 3,304,357,775 | 18,098,425,083 | |
| Dividend income | 4,604,709,747 | - | 1,803,550,538 | 140,286,005 | |
| Advances | 3,751,157,900 | 3,731,157,900 | 3,576,132,371 | 1,939,509,196 | Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee. |
| Administrative recharges to the Company | (11,574,802) | (2,527,665,471) | (17,529,694) | (2,528,736,440) | |
| | | | - | - | |
| ***Entities under common control*** | | | | | |
| Rental income (a) | 112,672,348 | 12,995,454 | 121,118,991 | 35,007,727 | Balances to be collected in cash and are due generally within 60 days. These are non-interest bearing and are not covered by any security. |
| Dividend income | - | - | 5,082,000 | 5,082,000 | Balances to be collected in cash and are due generally within 30 days from date of declaration. These are non-interest bearing and are not covered by any security. |
| Advances (c) | - | 392,210,888 | 225,147,237 | 216,979,737 | Balances are to be collected in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee. |
| Administrative recharges by the Company | 649,700,590 | 1,336,160,674 | 137,807,873 | 3,634,763,253 | |
| Administrative recharges to the Company | | (952,871) | (891,177) | (1,377,139) | 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 (d) | | | 1,316,375 | - | |
| ***Key management personnel*** | | | | | |
| Salaries and other short-term employee benefits | | 132,457,726 | - | 128,896,377 | Salaries and wages are settled in cash at the period incurred. Other short-term benefits are payable within the current year. There were no stock options or other long-term benefits provided in 2025 and 2024 nor amounts due to/from key management personnel as at December 31, 2025 and 2024. |
| Post-employment benefits | | 17,418,549 | - | 51,944,740 | Refer to Note 18. |

Significant agreements with related parties are as follows:

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

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

c) The outstanding balance of advances as at December 31, 2025 and 2024 mainly includes cash advances to Classic Elite Holdings Limited from the Company for working capital and project development. In 2024, the Company recognized provision for impairment of these receivables amounting to P751,976,666 (Note 4).

d) The Company pays condominium dues to the condominium corporations of the projects developed by the company for real property tax, association dues and condominium dues for condominium units owned by the company.

There were no write-offs or provisions made in relation to related party transactions and balances as at and for the year ended December 31, 2025.

## 21 Provisions and contingencies

*Critical accounting estimate - Provision*

As at December 31, 2025 and 2024, the Company recognized provision for a certain legal case. The estimate of the probable costs for the resolution has been developed in consultation with outside legal counsel handling the Company's defense in this matter. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, only general disclosures were provided.

*Critical accounting judgment - Contingencies*

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

## 22 Lease commitments

*(a) Company as a lessor*

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

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

| | Note | 2025 | 2024 |
|---|---|---|---|
| Percentage basis | 20 | 382,023,474 | 366,240,166 |
| Fixed monthly rental | | 12,958,778 | 5,567,351 |
| | | 394,982,252 | 371,807,517 |

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

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

*Critical accounting judgment - Operating lease commitments - Company as lessor*

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

## 23 Net debt reconciliation

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

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

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

## 24 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Company's risk management plans for the years ended December 31, 2025 and 2024.

### 24.1.1 Market risk

*(a) Foreign exchange risk*

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

The Company's foreign currency denominated cash in banks and cash equivalents as at December 31, 2025 and 2024 and net foreign exchange gains/losses for the years ended December 31, 2025 and 2024 are disclosed in Note 2.

*(b) Price risk*

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

*(c) Cash flow and fair value interest risk*

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

**24.1.2 Credit risk**

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

*(a) Cash and cash equivalents (Note 2)*

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

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

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

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

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

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

*Allowance for impairment*

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables presented above. There were no trade and other receivables pledged as collaterals as at December 31, 2025 and 2024.

*(c) Other financial assets at amortized cost*

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

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

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

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

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

**24.1.3 Liquidity risk**

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

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

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

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

## 25 Summary of material accounting policies

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

### 25.1 Basis of preparation

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

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

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

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

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

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

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the years ended December 31, 2025 and 2024 in order to obtain full information on the financial position, results of operations and changes in financial position of the Company as a whole. The consolidated financial statements of the Group can be obtained from SEC or from the Parent's website: www.shangproperties.com.

**Changes in accounting policies and disclosures**

*New standards, amendments and interpretations adopted by the Company*

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

*New standards, amendments and interpretations not yet adopted*

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

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

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

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

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

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

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

Although the adoption of PFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. As the Company has minimal foreign exchange differences, separate disaggregation is not required under PFRS 18. However, the Company will ensure that these are classified in the appropriate category in accordance with the new presentation requirements.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

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

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

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

**25.2 Financial assets**

*(i) Classification and measurement of debt instruments*

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

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

There are no financial assets measured at fair value (either through profit or loss or other comprehensive income) as at December 31, 2025 and 2024.

*Classification and measurement of financial assets*

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

*(ii) Classification and measurement of equity instruments*

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

At December 31, 2025 and 2024, the Company's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are classified in the separate statement of financial position (Note 9).

*(iii) Impairment of financial assets held at amortized cost*

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

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

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

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

**25.3 Investments and advances**

*(a) Subsidiaries*

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

*(b) Associates*

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

*(c) Joint ventures*

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

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

*(d) Deposits for future share subscriptions*

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

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

### 25.4 Investment properties

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

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

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

### 25.5 Depreciation of property and equipment

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

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

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

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

### 25.6 Impairment of non-financial assets

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

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

### 25.7 Current and deferred income tax

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

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

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

**25.8 Provisions**

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

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

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

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

**25.9 Employee benefits**

*(a) Retirement benefits*

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

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

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

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

*(b) Termination benefits*

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

*(c) Short-term employee benefits*

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

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

**25.10 Revenue from sale of condominium units**

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

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

**25.11 Leases**

*(a) Company is the lessor*

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

*(b) Company is the lessee*

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

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

**25.12 Contingencies**

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

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

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

*(a) Output value-added tax (VAT)*

The Company is a VAT-registered company with VAT output declaration of P47,025,633 for the year based on the Vatable sales amounting to P391,880,279.

The VATable sales shown above is based on gross sales of the Company following the provisions of Sec. 4.106-3 of RR No. 14-2005 (also known as the Consolidated Value-Added Tax Regulations of 2005).

*(b) Input VAT*

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

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

*(c) Documentary stamp tax*

Documentary stamp taxes for the year ended December 31, 2025 amounted to P10,903,284 which mainly pertain to taxes on loans, lease contracts and cash advances.

*(d) All other local and national taxes*

All other local and national taxes accrued and paid for the year ended December 31, 2025 consist of:

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

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

*(e) Withholding taxes*

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

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

*(f) Tax assessments and cases*

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

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

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

pwc Isla Lipana & Co.

# Independent Auditor's Report

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

## Report on the Audits of the Financial Statements

### Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Shang Properties, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2025 and 2024, and its consolidated financial performance and its cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### What we have audited

The consolidated financial statements of the Company comprise:

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



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## Basis for Opinion

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

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

### Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

## Our Audit Approach

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

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

**Key audit matters**

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

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

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

| Key Audit Matters | How our Audit Addressed the Key Audit Matters |
|---|---|
| a) Valuation of investment properties<br><br>Refer to Note 10 to the consolidated financial statements for the details of the investment properties and discussion on critical accounting estimates and assumptions.<br><br>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.<br><br>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:<br><br>• similar market listing in the area by comparing to records of recent sales and offerings of similar properties;<br>• occupancy rate by agreeing to management's records and historical actual information;<br>• expense-revenue ratio by comparing to the historical experience of the Group's leasing operations;<br>• rental value by comparing to prevailing market rents on leasing transactions of comparable properties; and<br>• discount rate by comparing to published market yields.<br><br>We have also assessed the reasonableness of these assumptions given the current market and economic conditions.<br><br>We have evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, licenses and client portfolio.<br><br>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<br><br>Refer to Note 6 to the consolidated financial statements for the discussion on critical accounting estimates and assumptions.<br><br>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.<br><br>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.<br><br>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

Isla Lipana & Co.

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

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

We have audited the consolidated financial statements of Shang Properties, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, on which we have rendered the attached report dated March 23, 2026. The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration, Map of the Group of Companies within which the Reporting Entity Belongs, effective as at December 31, 2025, as additional components required by Part I, Section 5 of the Revised Rule 68 of the SRC, and Schedules A, B, C, D, E, F and G, as required by Part II, Section 6 of the Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

**Isla Lipana & Co.**

Zaldy D. Aguirre
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Makati City
March 23, 2026

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Isla Lipana & Co.

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

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

We have audited accordance with Philippine Standards on Auditing, the consolidated financial statements of Shang Properties, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 23, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Rule 68 of the SRC issued by the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

**Isla Lipana & Co.**

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 8, 2026, Makati City
SEC A.N (individual) as general auditors 105660-SEC, Category A;
valid to audit 2020 to 2025 financial statements
SEC A.N (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
T.I.N. 221-755-698
BIR A.N. 08-000745-077-2023; issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142/P-003, effective until November 14, 2028

Makati City
March 23, 2026

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Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine group of member firms and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

**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 |

**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** | | | | | | | | | | |
| Cash dividends declared (Note 19) | - | - | - | - | - | - | (1,308,099) | (1,308,099) | (669,590) | (1,977,689) |
| Appropriation (Note 18) | - | - | - | - | - | 8,622,000 | (8,622,000) | - | - | - |
| **Balances at December 31, 2025** | 4,764,059 | 834,440 | (6,850) | 334,193 | (141,133) | 8,622,000 | 39,575,742 | 53,982,451 | 6,040,019 | 60,022,470 |

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

**Shang Properties, Inc. and Subsidiaries**

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2025
(All amounts in thousands of Philippine Peso)

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

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

**Shang Properties, Inc. and Subsidiaries**

Notes to the Consolidated Financial Statements
As at December 31, 2025 and 2024
and for each of the three years in the period ended December 31, 2025
(All amounts are shown in thousands of Philippine Peso unless otherwise stated)

## 1 General information

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

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

The Parent Company and its subsidiaries' (together, the “Group”) businesses include property investment and development, hotel operations, real estate management, leasing, mall and carpark operations, and other supplementary businesses.

*Geopolitical Uncertainty*

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

Directors with personal interest in the transaction shall abstain from participating in the discussions and voting for the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

Significant agreements with related parties are as follows:

(a) A portion of the Parent Company's land is being leased by ESHRI, where the EDSA Shangri-La, Manila is located. The lease is for a period of 25 years commencing on August 28, 1992 and renewable for another 25 years at the option of ESHRI. On August 16, 2017, the agreement was renewed by ESHRI for another 25 years until August 27, 2042. Rental revenue is based on a fixed percentage of ESHRI's room, food and beverage, dry goods and other service revenue.

(b) Shang Property Management Services, Inc. (SPMSI) provides certain administrative services to The Enterprise Center Condominium Corporation (TECCC), St. Francis Shangri-La Place Condominium Corporation (TSFSPCC), The Shang Grand Tower Condominium Corporation (TSGTCC), and One Shangri-La Place Condominium Corporation (OSPCC) for a minimum period of five years starting January 7, 2009, April 1, 2010, January 7, 2007, and January 1, 2015 respectively. As consideration, SPMSI shall receive from TECCC, TSGTCC, TSFSPCC, and OSPCC monthly service fees of P400,000, P100,000, P100,000, and P250,000 respectively, inclusive of VAT, with an escalation rate of 5% to 10% per annum. The parties mutually agreed to renew the agreements for another 5 years upon expiration.

(c) SGCPI entered into a License Agreement with Shangri-La International Hotel Management Limited (SLIM-BV) for the use of intellectual property rights over Shangri-La's policies, practices, procedures, and guidelines affecting different aspects of operations of the Shangri-La chain of hotels. The agreement is for 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties and subject to the approval of the Bureau of Patents, Trademarks and Technology Transfer of the Republic of the Philippines and applicable authorities. In consideration for such access and use, SGCPI pays SLIM-BV license fees and royalties. License fees paid to SLIM-BV is equivalent to $100 per annum while royalties are computed at 3% of the gross operating revenue per annum payable within 30 days of the end of each calendar month.

    Further, in 2016, SGCPI entered into a Marketing and Reservations Agreement with SLIM, whereby the related party acting as an independent contractor of SGCPI provides marketing, communication, and reservation services to promote SGCPI. The agreement is for a period of 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties. Under this agreement, SLIM shall act solely for the account of SGCPI, and all expenses incurred shall be borne by SGCPI. As a consideration for such services, SGCPI shall pay SLIM an amount equivalent to a certain percentage of gross operating revenue. Other charges include reservation, loyalty program, communication, and other group services fees. The basis of these various charges is stipulated in the Marketing and Reservations Agreement.

(d) The outstanding balance as of December 31, 2023 amounting to P1.1 billion represents cash advances made by Classic Elite Holdings Limited from the Parent Company for working Capital and project development. In 2024, the Company recognized provision for impairment of these receivables amounting to P752 million.

(e) Condominium dues charged by TSFSPCC and TECCC to Parent Company, KSA, SPDI and SPRC.

(f) Reimbursement of expenses paid by SLPC for ESHRI.

(g) Certain other general and administrative expenses are initially paid for by the Group/affiliate and are subsequently reimbursed by the affiliate/Group to whom such payment was intended for.

There were no write-offs or provisions made in relation to related party transactions and balances not eliminated during consolidation as at and for the years ended December 31, 2025.

The following are the significant transactions and outstanding balances with retirement fund and key management personnel as at and for the years ended December 31:

*Critical accounting judgment - Income tax*

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

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

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

## 27 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares in issue during the year.

Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

The computations of basic and diluted earnings per share for the years ended December 31 are as follows:

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

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

## 28 Related party transactions

In the normal course of business, the Group transacts with companies which are considered related parties. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group.

The transactions and outstanding balances of the Group with its related parties as at and for the years ended December 31 are as follows:

| | 2025 | | 2024 | | |
|---|---|---|---|---|---|
| | Transactions | Outstanding receivables (payables) | Transactions | Outstanding receivables (payables) | |
| Affiliates | | | | | |
| Rental income (a) (Note 5) | (18,644) | 16,364 | 121,119 | 35,008 | Balances to be collected in cash and are due generally within 30 to 60 days. These are non-interest bearing and are not covered by any security. |
| Affiliates | | | | | |
| Management services (b) | 333,045 | 399,451 | 40,640 | 66,406 | Balances to be collected in cash and are due generally within 30 days. 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.

| | 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.

Trade receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary.

For the hotel operation, hotel guests who wish to avail of a credit line are subjected to the normal credit investigation and checking. References are required including review of the customer's financial position and earnings. Approval of a credit line is performed by the Financial Controller and the General Manager. A guest may not be given a line, but special ad hoc arrangements are allowed. It usually requires deposits, prepayments or credit card guarantees as collaterals. Existing credit lines are reviewed annually. The balances due from customers are considered as high-grade financial assets.

For the leasing operation, the Group enters into lease agreements with recognized and creditworthy third parties who are required to put up security deposits. The Group does not offer credit terms to third parties without the specific approval of management. In addition, receivable balances are monitored on an on-going basis with the result that the exposure of the Group to bad debts is not significant.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance as at December 31, 2025 and 2024 was determined as follows for trade receivables:

| | Current | More than 30 days past due | More than 60 days past due | More than 120 days past due | Total |
|---|---|---|---|---|---|
| December 31, 2025 (in thousands of Philippine Peso) | | | | | |
| Expected loss rate | 0% | 0% | 0% | 100% | |
| Trade receivables | 2,105,365 | 317,779 | 22,041 | 765,047 | 3,210,232 |
| Loss allowance | - | - | - | 765,047 | 765,047 |
| December 31, 2024 (in thousands of Philippine Peso) | | | | | |
| Expected loss rate | 0% | 0% | 0% | 100% | |
| Trade receivables | 6,057,350 | - | - | 13,308 | 6,070,658 |
| Loss allowance | - | - | - | 13,308 | 13,308 |

The Group's receivables classified as current did not have history of loss arising from contract with customers as it is able to repossess the sold property consequent to customer's inability to pay the transaction price. The Group believes that this assessment is adequate and reasonable in view of the credit quality of contract receivables. Accordingly, the expected credit loss on these fully performing contract receivables is deemed insignificant for financial reporting purposes.

Non-trade receivables

The credit exposure on nontrade receivables is considered to be minimal as there is no history of defaults and collections are expected to be made within 30 to 60 days. In respect of balances due from related parties, management considered the credit quality of these receivables to be good based on financial condition of the related parties.

*(c) Refundable deposits*

Refundable deposits are considered as high performing financial assets. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant.

**31.1.3 Liquidity risk**

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

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

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

| | 0 - 90 days | 91 - 180 days | 181 - 360 days | Beyond 360 days | Total |
|---|---|---|---|---|---|
| At December 31, 2025 | | | | | |
| Bank loans | 4,522,000 | - | - | 14,573,000 | 19,095,000 |
| Accounts payable and other current liabilities* | 4,849 | - | - | - | 4,849 |
| Deposits from tenants | - | - | 833,912 | 593,188 | 1,427,100 |
| Dividends payable | - | 92,077 | - | - | 92,077 |
| Future interest payable | 68,090 | 207,956 | 210,267 | 6,827,034 | 7,313,347 |
| | 4,594,939 | 300,033 | 1,044,179 | 21,993,222 | 27,932,373 |
| At December 31, 2024 | | | | | |
| Bank loans | 11,055,000 | - | - | 7,040,000 | 18,095,000 |
| Accounts payable and other current liabilities* | 3,601,005 | - | - | - | 3,601,005 |
| Deposits from tenants | - | - | 570,017 | 502,378 | 1,072,395 |
| Dividends payable | - | 527,467 | - | | 527,467 |
| Future interest payable | 32,709 | - | - | 3,894,000 | 3,926,709 |
| | 14,688,714 | 527,467 | 570,017 | 11,436,378 | 27,222,576 |

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

### 31.2 Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's strategies and policies during 2025 and 2024.

The Group monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio as at December 31 is presented below:

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

The Group was able to meet its capital management objectives.

### 31.3 Fair value measurement

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

| | | Fair value measurement | | | |
|---|---|---|---|---|---|
| | Notes | 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 |

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

C*ustomers' deposits*

Payments received from potential buyer to provide exclusive rights to buy a specific condominium unit under certain conditions and up to specified period are treated initially as a liability and are recognized as part of "customers' deposits" under accounts payable and other liabilities. These deposits are applied as payment of the transaction price as soon as the revenue recognition criteria are met.

*Fulfillment costs*

Cost of condominium sales include upfront costs such as land costs and connection fees, which are accounted for as fulfillment costs, and development costs which contribute to the construction progress of the development project. Fulfillment costs are recognized as contract assets arising from fulfillment costs to the extent that such costs give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered. These costs are included in properties held for sale in the consolidated statement of financial position. Such contract assets are amortized as cost of condominium sales consistent with the revenue recognition method applied, subject to impairment up to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive; less (b) direct costs that have not been recognized as expenses. Development costs are recognized as expense as the work to which they relate is performed.

*Costs to obtain a contract*

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

*Contract cancellations*

Condominium units arising from cancellation of contracts to sell are initially measured by the Group based on its original carrying amount at the time it was sold.

*(b) Rental*

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term or based on a certain percentage of gross revenue of the lessees, whichever is applicable. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

When the revenue recognition criteria are not met, cash received from lessees are recognized as advance rentals, until the conditions for recognizing rental income are met.

*(c) Hotel operations*

Hotel revenue from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center and car rental, laundry service, telephone service and health club services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Costs of hotel operations are expensed as incurred. These include expenses incurred for the generation of revenue from food and beverage sales, room rentals, and other ancillary services.

*(d) Interest income and expense*

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final withholding tax.

*(e) Dividend income*

Dividend income is recognized when the Group’s right to receive payment is established, which is generally when the Board of the investee company approved the dividend.

*(f) Other income*

Administration and management services, customer lounge fees, banner income, income from cinema operations and other service income are recognized when the related services have been rendered. Revenues from auxiliary services such as handling, sale of scrap materials, import break bulk and brokerage are recognized when services are provided or when goods are delivered. Money received or amounts billed in advance for rendering of services or delivery of goods are recorded as unearned income until the earning process is complete.

*(g) Cost and expenses*

Cost and expenses are recognized when these are incurred.

**32.14 Leases**

*(a) Group is the lessor*

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the consolidated statement of financial position (Note 32.5).

*(b) Group is the lessee*

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**32.15 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These operating segments are the basis upon which the Group reports its segment information presented in Note 2 to the consolidated financial statements.

The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

**32.16 Contingencies**

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

**Shang Properties Inc.**

Supplementary Schedule of External Auditor Fee-Related Information
For the year ended December 31, 2025

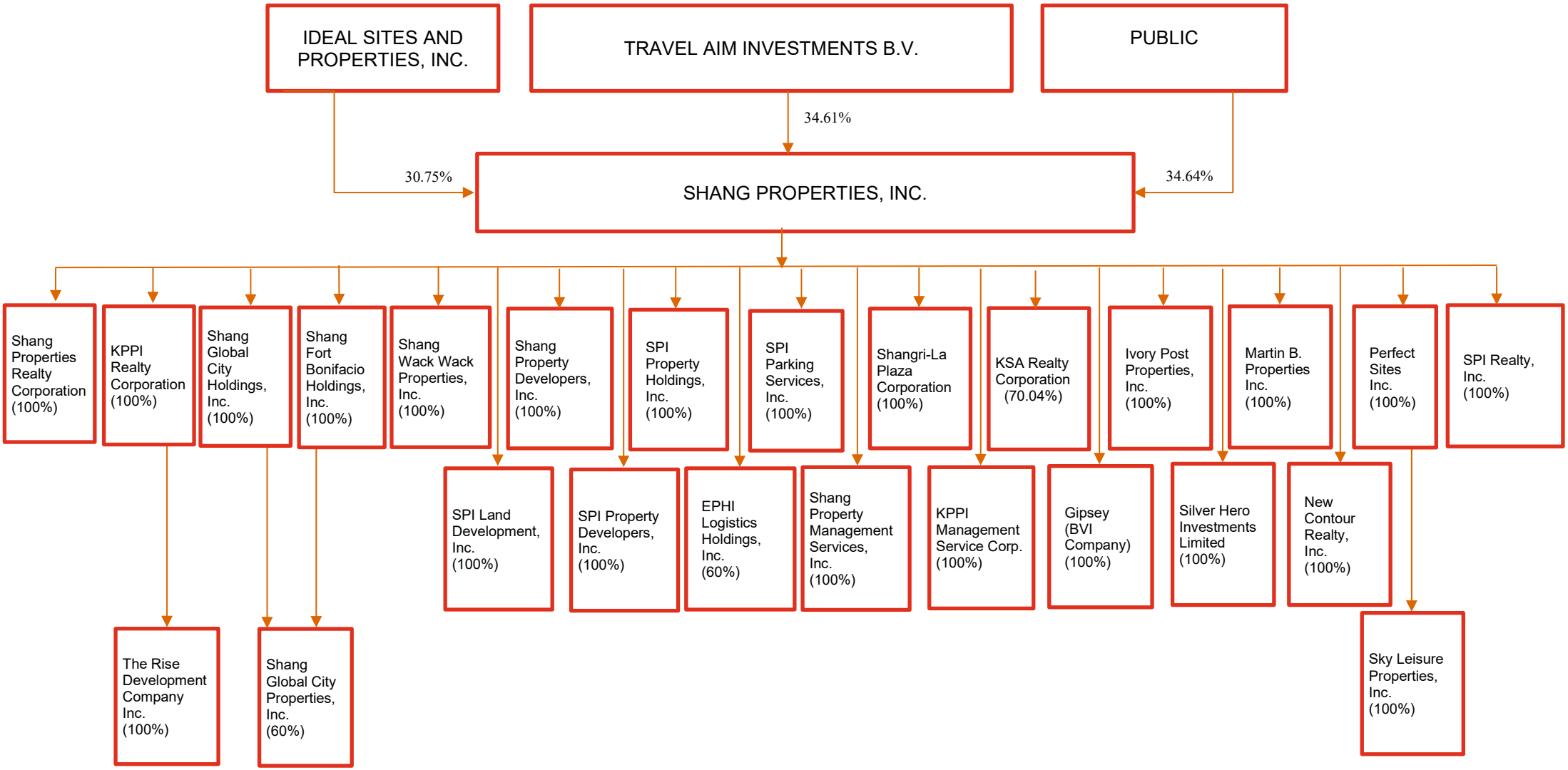
| | Current Year | Prior Year |
|---|---|---|
| **Total audit fees** | 1,321 | 1,238 |
| Non-audit services fees: | - | - |
| Other assurance services | - | - |
| Tax services | - | - |
| All other services | - | 1,323 |
| **Total non-audit fees** | - | 1,323 |
| **Total audit and non-audit fees** |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

**Audit and non-audit fees of other related entities**

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

**Shang Properties, Inc. and Subsidiaries**

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



**Shang Properties, Inc. and Subsidiaries**

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

| Ratio | Formula | | 2025 | 2024 | 2023 |
|---|---|---|---|---|---|
| A. Current and Liquidity Ratios | | | | | |
| 1. Current ratio | Total current assets | 24,416,427 | 1.97 | 1.27 | 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: Prepayments 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 | | | |
| 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 | | | |

*(Continued)*

**Shang Properties, Inc. and Subsidiaries**

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

| Ratio | Formula | | 2025 | 2024 | 2023 |
|---|---|---|---|---|---|
| F. Profitability ratios | | | | | |
| 1. Return on assets (%) | 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 | | | |
| 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 | 4,764,059 | | | |
| | 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 | 4,764,059 | | | |
| | BPS attributable to equity holders of Parent | 11.33 | | | |

**Shang Properties, Inc. and Subsidiaries**

Schedule A - Financial Assets
As at December 31, 2025
(All amounts in thousands of Philippine Peso)

| Description of each issue | Number of shares | Amount shown in the Consolidated Statement of Financial Position | Value based on market quotations at statement date | Income (loss) received and accrued |
|---|---|---|---|---|
| Cash and cash equivalents* | | 4,470,198 | 4,470,198 | 49,755 |
| Receivables** | | 5,267,272 | 5,267,272 | - |
| Financial assets at fair value through profit or loss*** | | 37,334 | 37,334 | 4,438 |
| Refundable deposits**** | | 55,996 | 55,996 | - |
| Financial assets at fair value through other comprehensive income***** | | | | - |
| Quoted shares | 8 | 84,450 | 84,450 | 3,100 |
| Unquoted shares | 298,516 | 765,418 | 765,418 | |
| | | 849,868 | 849,868 | |
| | | 10,680,668 | 10,680,668 | |

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

**Shang Properties, Inc. and Subsidiaries**

Schedule B - Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2025
(All amounts in thousands of Philippine Peso)

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

See Notes 5 and 28 to the Consolidated Financial Statements.

**Shang Properties, Inc. and Subsidiaries**

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As at December 31, 2025
(All amounts in thousands of Philippine Peso)

| Name and designation of debtor | Balance at beginning of period | Additions | Amounts collected | Amounts written off | Current | Not Current | Balance at end of period |
|---|---|---|---|---|---|---|---|
| Shang Properties, Inc. | 20,205,136 | 5,316,887 | 428,101 | - | 5,316,887 | 19,777,035 | 25,093,922 |
| Silver Hero from SPDI | 2,317,500 | - | - | - | - | 2,317,500 | 2,317,500 |
| Shang Property Developers, Inc. | 2,252,824 | - | 119,896 | - | - | 2,132,928 | 2,132,928 |
| Shangri-la Plaza Corp. | 522,721 | 2,925 | 2,900 | - | 2,925 | 519,821 | 522,746 |
| The Rise Development Company, Inc. | 212,917 | 5,104 | 54,005 | - | 5,104 | 158,912 | 164,016 |
| Shang Property management Services, Inc. | 186,444 | 49,583 | 27,338 | - | 49,583 | 159,106 | 208,689 |
| Shang Properties Realty Corporation | 175,405 | 31,529 | 49,880 | - | 31,529 | 125,525 | 157,054 |
| Perfect Sites Inc. | 161,109 | 3,500 | - | - | 3,500 | 161,109 | 164,609 |
| Shang Wack Wack Properties, Inc. | 82,002 | 188 | - | - | 188 | 82,002 | 82,190 |
| SPI Property Developers, Inc. | 29,810 | 1,334 | 26,081 | - | 1,334 | 3,729 | 5,063 |
| SPI Land Development, Inc. | 18,997 | 739 | 13,130 | - | 739 | 5,867 | 6,606 |
| SPI Property Holdings, Inc. | 7,147 | 227 | 1,654 | - | 227 | 5,493 | 5,720 |
| Shang Global City Properties, Inc. | 4,702 | 6,277 | 4,702 | - | 6,277 | - | 6,277 |
| New Contour Realty Inc. | 4,028 | 2 | - | - | - | 4,030 | 4,030 |
| KSA Realty Corporation | 2,949 | 3,847 | 2,774 | - | 3,847 | 175 | 4,022 |
| KPPI Realty Corporation | 4 | - | - | - | - | 4 | 4 |
| | 26,183,695 | 5,422,142 | 730,461 | - | 5,422,140 | 25,453,236 | 30,875,376 |

See Note 28 to the Consolidated Financial Statements.

**Shang Properties, Inc. and Subsidiaries**

Schedule D - Long-Term Debt
As at December 31, 2025
(All amounts in thousands of Philippine Peso)

| Title of issue and type of obligation | Amount authorized by indenture | Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position | Amount shown under caption "Long-term debt" in related Statement of Financial Position |
|---|---|---|---|
| BPI Long Term Loan | 15,000,000 | | 14,573,000 |
| BPI Short Term Loan Line | 7,500,000 | 50,000 | |
| BDO Short Term Credit Line | 10,000,000 | 4,472,000 | |
| | 32,500,000 | 4,522,000 | 14,573,000 |

**Shang Properties, Inc. and Subsidiaries**

Schedule E - Indebtedness to Related Parties
As at December 31, 2025
(All amounts in thousands of Philippine Peso)

| Name of related party | Balance at beginning of period | Balance at end of period |
|---|---|---|
| Shangri-La International Hotel Management Limited | 20,783 | 100,565 |
| St. Francis Shangri-La place Condo. Corp. | 277 | 176 |
| The Enterprise Center condo. Corp | 14,701 | 4,403 |
| Others | 140,521 | 42,923 |
| | 176,282 | 148,067 |

See Notes 15 and 28 to the Consolidated Financial Statements.

**Shang Properties, Inc. and Subsidiaries**

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2025
(All amounts in thousands of Philippine Peso)

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

**Shang Properties, Inc. and Subsidiaries**

Schedule G - Share Capital
As at December 31, 2025
(All amounts in thousands of Philippine Peso)

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

See Note 18 to the Consolidated Financial Statements

**Shang Properties, Inc.**

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

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

2025 Annual Sustainability Report

# Positioned for Growth, Delivering Value

SHANG

PROPERTIES

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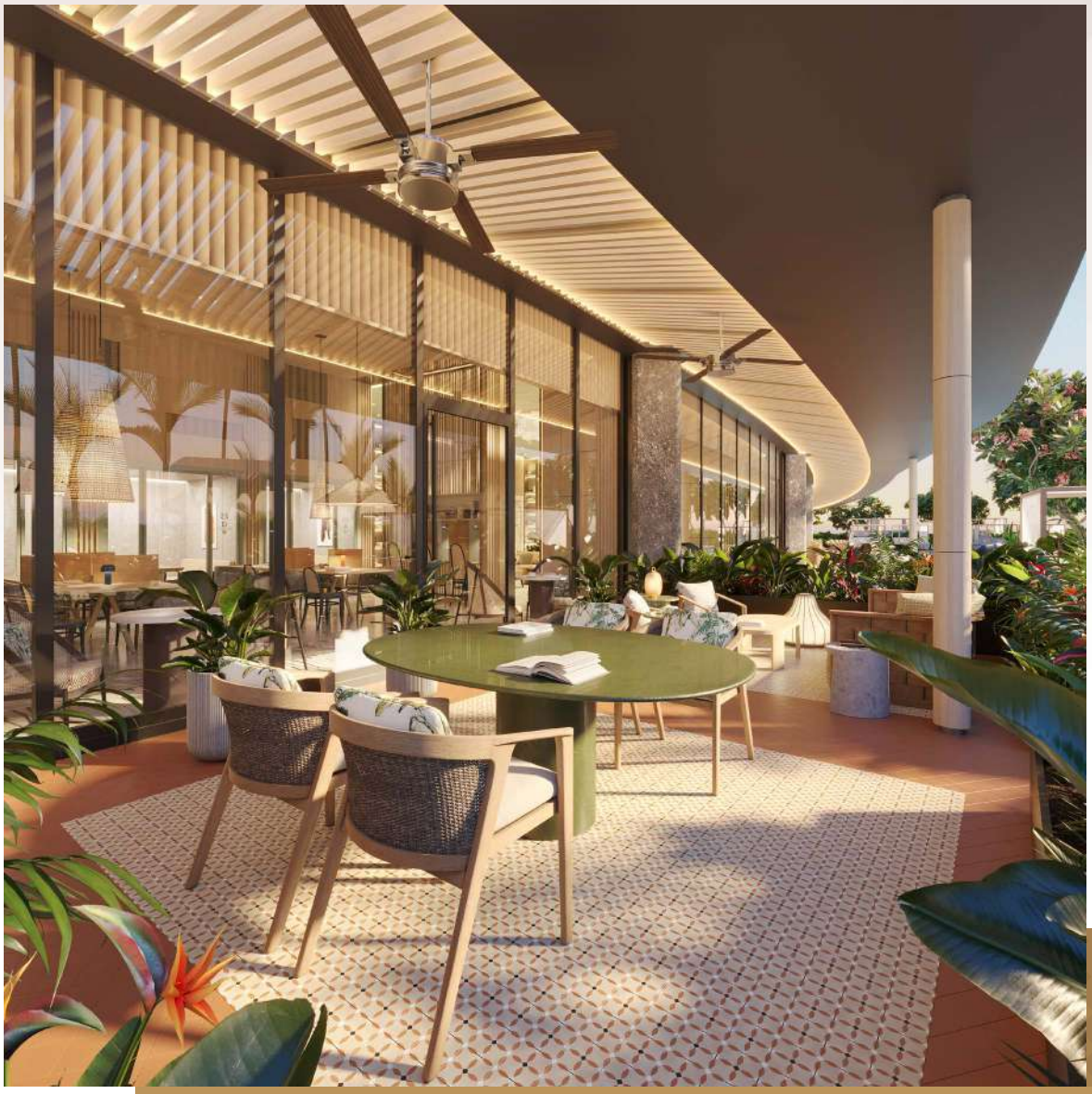
# ABOUT THE REPORT

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

The report is developed in compliance with the Securities and Exchange Commission (SEC) Sustainability Reporting (SR) Guidelines Memorandum Circular No. 4 Series of 2019, and cross-referencing to the GRI standards where they apply. For FY 2025, we have continued to incorporate initial inputs throughout the report to support the future adoption of the revised SEC Sustainability Reporting (SuRe) Framework.

# GENERAL INFORMATION

# About Shang Properties, Inc. (SPI)



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

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

## Vision

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

## Mission

Leading through product innovation

Delighting with excellent service

Fostering fair treatment and mutual respect

Empowering people to attain their full potential

Upholding good corporate citizenship

## Core Values

**S**ervice

**H**onesty

**A**sian

**N**obility

**G**lobal

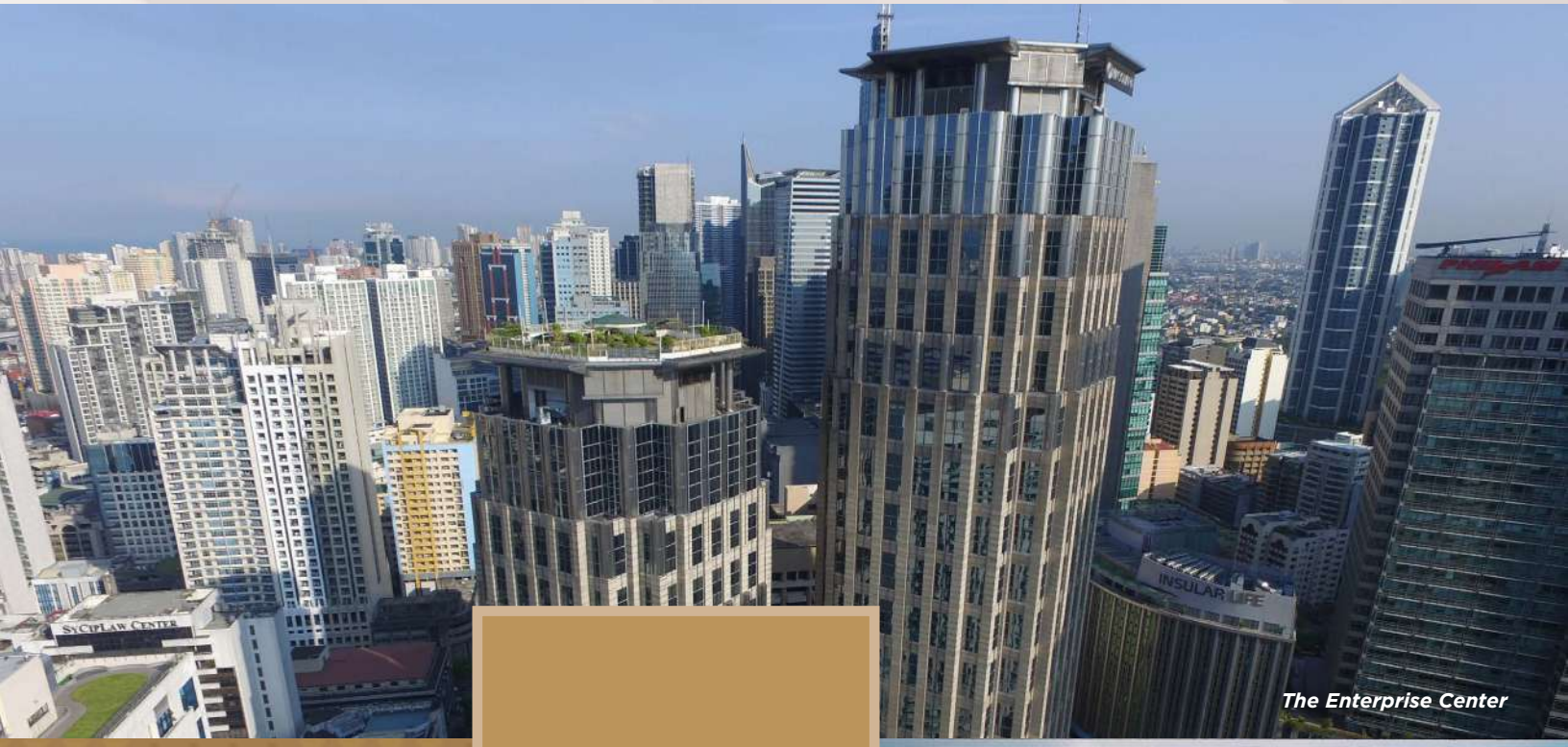
# Our Subsidiaries

*Shangri-La Plaza Mall*

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

## Shangri-La Plaza Corporation (SLPC)

*Shangri-La Plaza Mall*



*The Enterprise Center*

# KSA Realty Corporation (KSA)

KSA Realty Corporation is the majority owner of The Enterprise Center, an Information Technology (IT) building registered with the Philippine Economic Zone Authority (PEZA), which provides tax incentives to its tenants. KSA embodies pursuit of breaking new grounds in corporate infrastructure through its stewardship of The Enterprise Center. The development stands as a strategic nexus for multinational firms and technology-driven enterprises, offering a globally competitive environment supported by fiscal incentives and institutional-grade facilities.

*The Enterprise Center*

## SPI Parking Services, Inc. (SPSI)

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

*St. Francis Shangri-La Place's Lobby*

*Shang Bauhinia Residences' Ground Floor Lobby*

*The Shang Grand Tower Corporation*

## Shang Properties Realty Corporation (SPRC)

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

*One Shangri-La Place*

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

## Shang Property Developers, Inc. (SPDI)

*Shang Salcedo Place's Ground Floor Lobby*

*Shang Salcedo Place's High Zone Lift Lobby*

*Assembly Grounds' Atrium*

*The Rise Makati's Lounge*

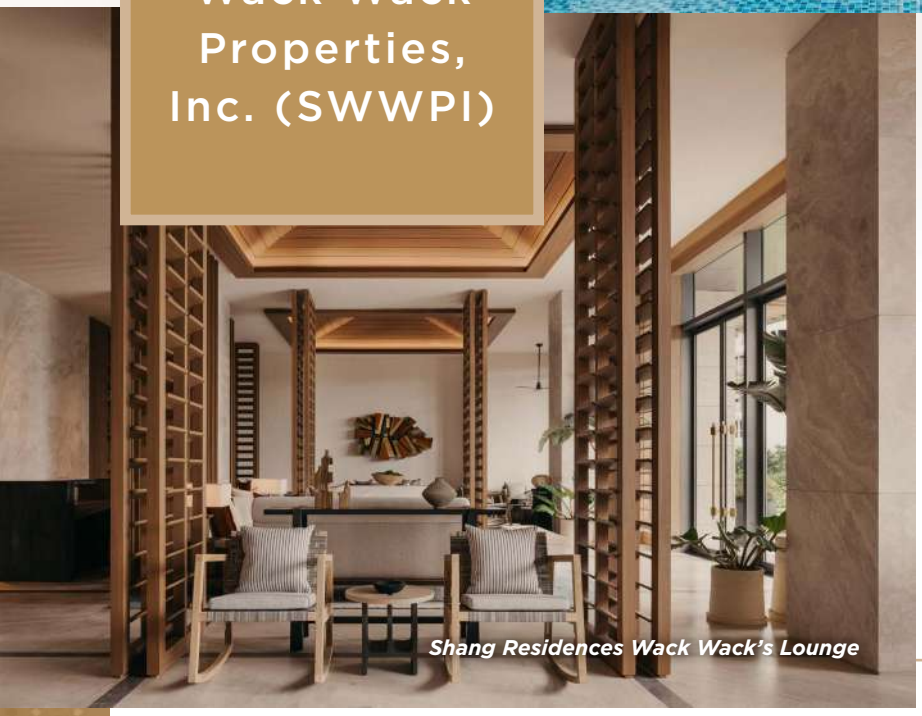
# The Rise Development Company, Inc. (TRDCI)

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

*Assembly Grounds' Atrium*

*Shang Residences Wack Wack's Pool*

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



*Shang Residences Wack Wack's Lounge*

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

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

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

*Shangri-La at the Fort Exterior*

# Shang Global City Properties, Inc. (SGCPI)

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

*Horizon Homes at the Fort Porte Cochere*

Haraya Residences' Facade

Aurelia Residences' Grand Foyer

# Shang Robinsons Properties, Inc. (SRPI)

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

Aurelia Residences' Facade

Haraya Residences' The Veranda

*Laya Residences' Lobby*

*Laya Residences' Facade*

# SPI Property Holdings, Inc. (SPI-PHI)

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

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

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

*Shang Summit's Exterior Tower*

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

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

*Shang Summit's Pool Deck*

*One Shang Central's Exterior*

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

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

*One Shang Central's Pool*

# Materiality Process

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

**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.

**02**

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

**03**

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

**04**

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

**05**

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

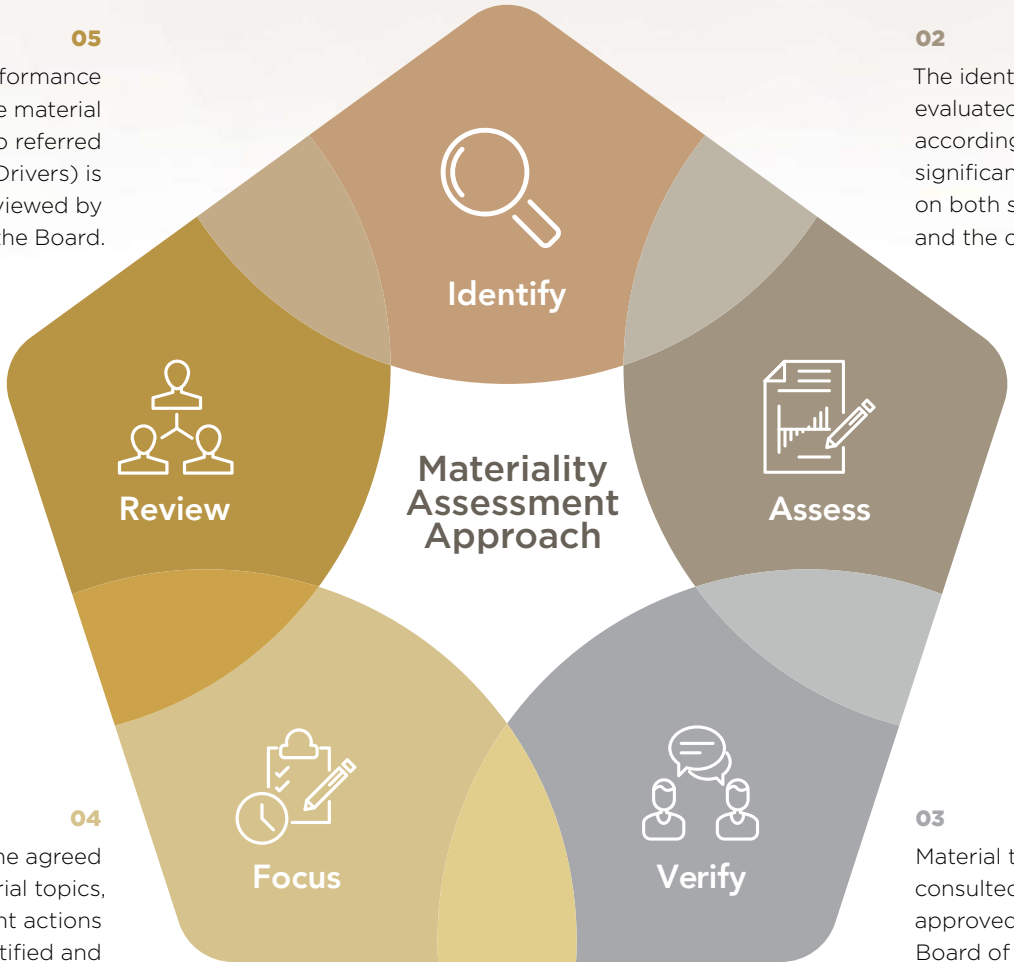



Figure 1. Materiality Assessment Approach

# Sustainability Framework

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

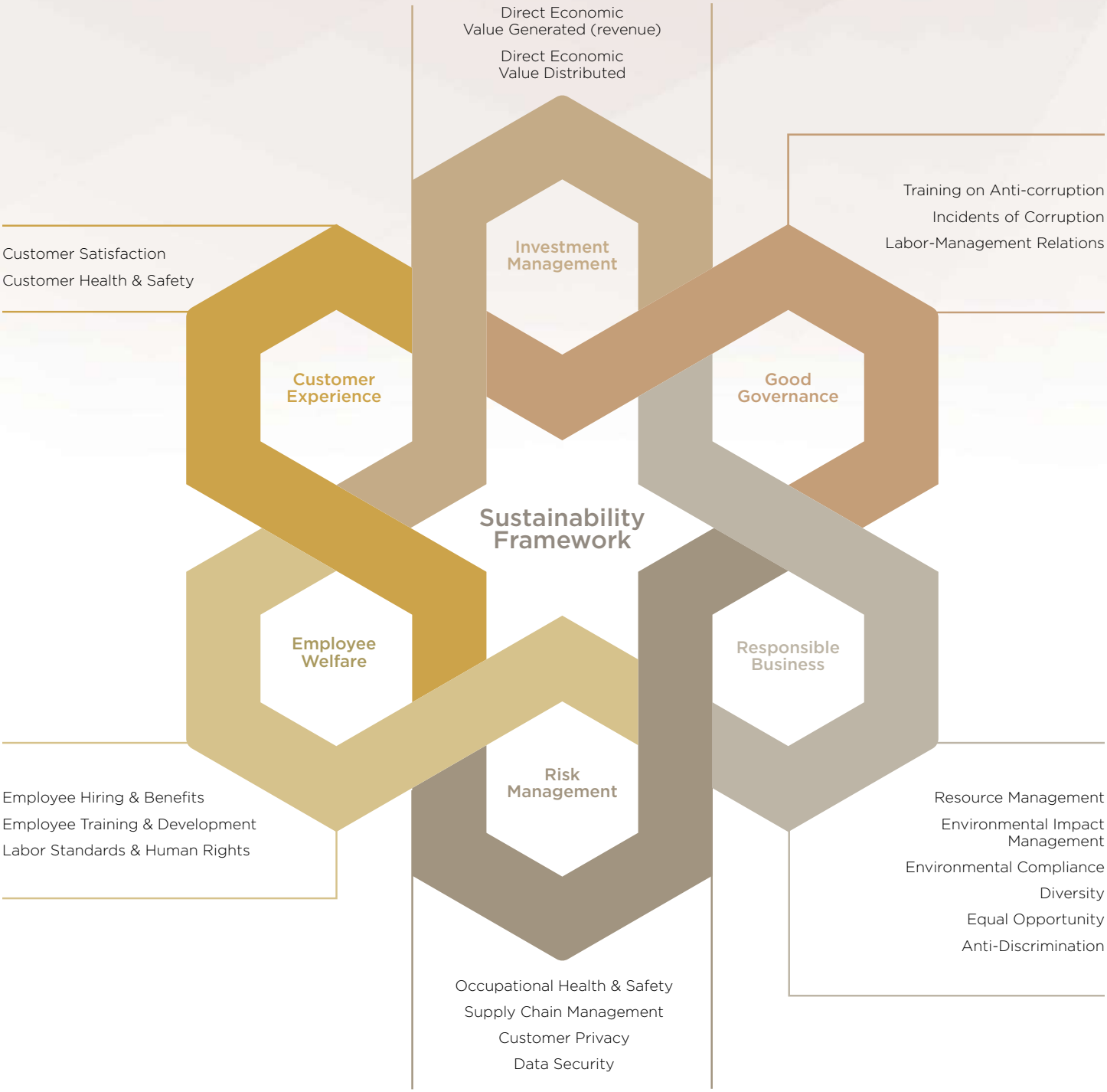



Figure 2. 2025 SPI Sustainability Framework

# Climate and Sustainability Disclosures
## (IFRS S1/S2-aligned)

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

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

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

# Stakeholder Engagement

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

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

# ECONOMIC

# INVESTMENT MANAGEMENT

## Direct Economic Value Generated and Distributed

SPI is one of the country's key leaders in prime property investment and development, recognized for its landmark projects that continue to drive growth and create lasting value. Our economic performance is anchored by our diversified real estate portfolio comprising retail malls, residential complexes, offices, and other real estate properties. The fluctuations in market demand directly impact the performance of our business, consequently affecting our stakeholders. These impacts are wide-ranging and may affect shareholder value, investments in local business partners, community development through CSR initiatives, and contributions to local and national governments through taxes and royalties. The table below provides an overview of SPI's financial performance throughout the years:

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

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

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

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

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

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

FEATURE STORY

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

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

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

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

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

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

## Climate-Related Financial Metrics

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

OUR MANAGEMENT APPROACH

# BALANCING PROFIT & PURPOSE

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

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

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

FEATURE STORY

## Designing Spaces for Generations

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

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

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

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

# GOOD GOVERNANCE

## Training on Anti-Corruption Policies and Procedures

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

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

## Incidents of Corruption

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

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

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

OUR MANAGEMENT APPROACH

## TRANSPARENCY IN ACTION

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

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

# Labor-Management Relations

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

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

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

OUR MANAGEMENT APPROACH

## EMPOWERING OUR WORKFORCE

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

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

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

# ENVIRONMENTAL

# RESPONSIBLE BUSINESS

## Resource Management

### Energy Consumption within the Organization

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

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

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

### Energy Savings

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

### Energy Intensity

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

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

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

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

OUR MANAGEMENT APPROACH

## ENERGY CHALLENGE

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

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

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

## Materials Used by the Organization

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

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

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

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

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

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

## OUR MANAGEMENT APPROACH
# MATERIALS MATTER

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

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

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

# Water and Effluents

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

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

## Water Intensity

| Disclosure | Unit | 2024 | **2025** |
|---|---|---|---|
| Water intensity | $m^3$ per million Php revenue | 68.71 | **87.16** |

In 2025, SPI recorded a slight increase in water consumption to 1.08 million $m^3$, reflecting higher activity across our developments. This resulted in an increase in water intensity to 87.16 $m^3$ per million Php revenue, indicating higher water use relative to revenue during the year. Water recycled and reused declined by 13.26%, largely due to increased demand for fresh water to support operations.

However, we improved how we manage wastewater. The share of wastewater recycled increased to 22.78%, while total water discharge decreased to 588,944 $m^3$. These results show that even as our operations grow, we continue to strengthen our water management practices and improve efficiency in wastewater treatment.

OUR MANAGEMENT APPROACH

# WATER STEWARDSHIP

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

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

## Air Emissions

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

### GHG Emissions

| Disclosure | Unit | 2023 | 2024 | **2025** |
|---|---|---|---|---|
| Direct (Scope 1) GHG Emissions | Tonnes 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** |

In 2025, SPI recorded a significant increase in direct (Scope 1) greenhouse gas emissions. This increase is primarily driven by higher reported fuel consumption, particularly from LPG and diesel, in line with expanded operational and construction activities across the Company. For 2025, Scope 1 emissions were calculated using the latest available emission factors at the time of reporting, specifically 0.0693 $tCO_2e/GJ$ for gasoline, 0.0741 $tCO_2e/GJ$ for diesel, and 0.0631 $tCO_2e/GJ$ for LPG, resulting in updated emissions estimates.

Indirect (Scope 2) emissions from purchased electricity increased moderately to 61,386.97 $tCO_2e$, reflecting relatively stable electricity consumption across properties. Similarly, Scope 2 emissions in 2025 were calculated using the latest available Philippine grid emission factor of 0.57 kg $CO_2e/kWh$, which contributed to the year-on-year change in reported emissions. As a result, GHG emissions intensity increased to 56.36 metric tons $CO_2e$ per million Php revenue, reflecting higher emissions relative to the Company's economic output.

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

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

OUR MANAGEMENT APPROACH

# CARING FOR OUR PLANET

The organization works to reduce air pollution across its operations by ensuring that all equipment complies with environmental standards and regulations, including the Clean Air Act (Republic Act No. 8749). Our Pollution Control Officer conducts regular equipment assessments that include testing and overseeing the maintenance and repair of heavy industrial machinery. Any equipment that no longer meets environmental standards and regulations is immediately retired from use. Several of our properties have also adopted emission reduction measures to lessen our environmental impact. At Shangri-La The Fort, optimization of the chilled water systems has resulted in emission reductions of about 1,100 $tCO_2e$ each year.

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

FEATURE STORY

## Elevating the Art of Living

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

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

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

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

## Solid and Hazardous Wastes

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

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

### Solid Waste Intensity

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

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

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

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

OUR MANAGEMENT APPROACH

## RETHINKING WASTE

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

# Environmental Compliance

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

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

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

## OUR MANAGEMENT APPROACH
## BEYOND COMPLIANCE

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

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

# SOCIAL

## Diversity, Equal Opportunity, & Anti-Discrimination

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

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

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

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

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

## Human Resources Policies

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

OUR MANAGEMENT APPROACH

# PATH TO INCLUSION

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

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

# RISK MANAGEMENT

## Identification of climate- and sustainability-related risks

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

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

## Assessment and prioritization of climate- and sustainability-related risks

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

## Monitoring of climate- and sustainability-related risks

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

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

# Occupational Health & Safety

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

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

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

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

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

OUR MANAGEMENT APPROACH

# FOSTERING A SAFER WORKPLACE CULTURE

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

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

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

## Supply Chain Management

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

### Sustainability Topics when Accrediting Suppliers

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

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

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

## Sustainability Accreditation Policy

**Annex 1: Vendor Accreditation Procedure**
**Annex 2: Supplier Code of Conduct**

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

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

OUR MANAGEMENT APPROACH

# RESPONSIBLE SOURCING

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

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

## Customer Privacy and Data Security

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

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

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

### OUR MANAGEMENT APPROACH
### COMMITMENT TO PRIVACY AND SECURITY

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

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

# EMPLOYEE WELFARE

## Employee Hiring and Benefits

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

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

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

### Percentage of Employees Availing the Benefits

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

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

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

OUR MANAGEMENT APPROACH

## CULTURE OF CARE

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

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

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

# Employee Training and Development

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

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

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

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

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

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

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

OUR MANAGEMENT APPROACH

## NURTURING TALENT

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

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

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

## Labor Standards and Human Rights

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

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

## Policies

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

Code of Business Conduct and Ethics, Procurement Department DP-SPI-PROC 1.8 Number 6.15:https://www.shangproperties.com/app/uploads/2021/05/Code-of-Business-Ethics.pdf
https://www.shangproperties.com/app/uploads/2021/05/05.pdf

| TOPIC | 2023 | 2024 | 2025 | REFERENCE IN COMPANY POLICY |
|---|---|---|---|---|
| Forced Labor | ✓ | ✓ | ✓ | Code of Business Conduct and Ethics |
| Child Labor | ✓ | ✓ | ✓ | Code of Business Conduct and Ethics |
| Human Rights | ✓ | ✓ | ✓ | Code of Business Conduct and Ethics |

We reported no incidents of forced or child labor and human rights violations for the year. Our Code of Business Conduct and Ethics explicitly prohibits human rights abuses, including forced and child labor. SPI's business practices are guided by these principles, and we continue to embrace the standards of corporate responsibility and ethics.

OUR MANAGEMENT APPROACH

# RIGHTS AT WORK

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

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

# CUSTOMER EXPERIENCE

## Customer Satisfaction

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

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

## Customer Health and Safety

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

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

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

OUR MANAGEMENT APPROACH

# RAISING THE BAR

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

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

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

FEATURE STORY

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

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

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

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

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

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

# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

## ECONOMIC

**Php 243.4M**
Taxes paid

**Php 72.8M**
Investments to community

**1,143**
Total no. of organic employees

**Material Topic/Disclosure: Economic Performance**

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

## ENVIRONMENT

**3,955,566.00 kWh**
Electricity savings

**143,584 m³**
Waste Recycled

**143,584 m³**
Wastewater Recycled

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

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

## SOCIAL

**669,741**
Safe man-hours

**582**
No. of Safety drills

**537**
Female workers in the workforce

**0**
Work-related fatalities

**11,532**
Total training hours

**0**
Cases of Child or Forced Labor

**Material Topic/Disclosure: Employee Management, Workplace Conditions, Labor Standards and Human Rights**

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

# ANNEX 1

SHANG
PROPERTIES

| | |
|---|---|
| **Policy Title: Vendor Accreditation Procedures** | **Attachments: Annex A- Vendor Accreditation Process** |
| **Policy No.: DP-SPI-PROC 1.8** | **Cross Reference: Purchase Requisition to Purchase Order Procedure DP-SPI-PROC 1.1** |
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| Prepared by: Lenie M Parto, Assistant Procurement Manager | |
| Reviewed by: Aldous P Licup, Senior Procurement Manager | |
| Concurred by: Rajeev Garg, VP-Finance | |
| Approved by: Wolfgang Krueger, Executive Director | |

## 1. PURPOSE AND SCOPE

1.1. Purpose: To ensure that the vendors for goods and services who wish to do business with the Shang Properties Inc. are duly accredited in terms of compliance with legal, financial requirements and technical competency and to establish inter-department representation to Vendor Accreditation Committee (VAC).

1.2. Scope: This procedure is applicable to all Shang Properties employees and shall be observed at all business units including Administrative-Related or Non-Projects purchases of the Projects Group Division.

This accreditation process shall cover all vendors of goods and services excluding the following:

a. Authorized dealers/distributors of motor vehicles.

b. Three (3) largest oil companies in the Philippines and their authorized dealers.

c. Government accredited agencies or institution

d. Pharmaceutical companies or its authorized distributors/dealers such as Mercury Drug Stores and their vaccine authorized dealers

e. Foreign principals or suppliers

f. Vendors which supply special items which are purchased thru petty cash from stores located at Divisoria, Binondo, etc.

g. Kuok affiliates/subsidiaries

h. Broadcast/Media Network

i. Law, Accounting, Audit Firms, and other Professional Fees

j. Non-profit and Charitable Institutions

k. Top 10 Insurance Companies

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l. **Hotels and resorts, restaurants and food chains, Wine Cellars and Dealers, Training or seminar venues and exclusive Membership Club**

m. **Government Agencies, Cooperatives and Associations**

n. **Hospitals, Dental and Optical Clinics, Medical Laboratories, Mobile Clinics**

o. **Utility Companies (Electric, Water, and Gas)**

p. **Banks**

q. **Newspaper or Publishing companies**

r. **Telecom companies**

s. **SPI Mall Tenants**

t. **Travel Agencies**

u. **Garbage Haulers**

v. **Top 100 companies in the Philippines declared by Securities and Exchange Commission (SEC).As support document, vendors belonging to Top 100 companies shall be required to submit SEC Certificate of Top 100 listing the name of the vendor.**

w. **Spot Purchase less than 3,000.00 PHP. (Petty Cash)**

x. **Vendors with less than Fifteen (15) Purchase Orders and not more than PHP 300,000.00 of annual cumulative purchase.**

y. **One time/ Emergency Purchase. However, for Emergency purchase worth >PHP 300K accreditation should commence parallel or right after issuance of Purchase Order (PO).**

1.3. **Support Document: Approved Delegation of Authority (DOA)**

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## 2. RESPONSIBILTIES

2.1. The VP Finance is responsible for ensuring this procedure is complied with at all Company Divisions of Shang Properties Incorporated and its Subsidiaries.

2.2. Responsibility for defining, updating, and maintaining the process lies with the Senior Procurement Manager.

2.3. Procurement shall be responsible in consolidation of all vendor pre-qualification/accreditation documents from rating up to issuance of vendor accreditation certificate.

## 3. REFERENCED DOCUMENTS

3.1. DP-SPI PROC 1.1 PR to PO Procedure

3.2. DP-SPI PROC 1.8F9 Vendor Information Sheet (VIS)

3.3. DP-SPI PROC 1.8F10 Vendor Accreditation Request Form (VARS)

3.4. DP-SPI PROC 1.8F11 Vendor Accreditation Ocular Inspection Sheet (VOIS)

3.5. DP-SPI PROC 1.8F12 Vendor Accreditation Certificate

3.6. DP-SPI PROC 1.11 Business Ethics on Vendor Engagement

3.7. DP-SPI PROC 1.8F15 Non-Disclosure Agreement Form

3.8. DP-SPI PROC 1.3 Exemption from Bidding & Canvassing Procedure

3.9. Delegation of Authority (DOA) approved by the Chairman of the Board

3.10. Third Party Assessment Report

## 4. MATERIALS AND EQUIPMENT: N/A

## 5. SAFETY: N/A

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## 6. PROCESS DEFINITION AND CONTROLS

6.1. Only prequalified/accredited vendors shall be considered for awarding of goods and services.

6.2. All potential vendors who will supply goods and services to the company must undergo an accreditation process, either through in-house accreditation or under third party assessment, to ensure that the Company deals only with legal, technically competent, and financially capable vendors. In emergency cases, or for one-time supply, the accreditation process may not be immediately undertaken. Submission of Government Mandated docs (Not limited to: Company Profile, Business Permit, BIR, Copy of OR or Sales Invoice) and Email/VIS approval from the Senior Procurement Manager shall be secured by Buyer/ Negotiator before proceeding with the procurement processes.

6.3. Prequalification/Accreditation process may start simultaneously with the bidding process. Procurement to send an Invitation letter to source vendors for new requirements.

6.4. For Bidding related or>300K PR Budget, notice to prioritize top 3 vendors based on the initial result of on-going bidding is being sent by Procurement to Third Party assessor to ensure that vendor is accredited prior the award.

6.5. Once received notification from third party assessor, the assessment report including accreditation documents is already available and can be downloaded from the vendor's portal.

6.6. Procurement will print and prepare the Vendor Accreditation Rating Sheet (VARS) and route it to the VAC Committee for review, rating, and approval.

6.7. Approval for accreditation by the VAC must be unanimous. Refer to the Approval Authorization Chart approved by the Chairman.

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6.8. There are two (2) types of Assessment:

6.8.1. **In-House Assessment (Pre-qualification)**-All vendors must undergo in-house assessment/pre-qualification.

The initiative must be done by the assigned Buyer/ Negotiator by compiling documents & VIS as stated in DP-SPI-PROC 1.8 Clause No.6.Submitted to Procurement Analyst then approval of Senior Procurement Manager prior to Purchase Order (For 1st transaction) for approval.

6.8.2. **Third Party Assessment (Accreditation)**– All vendors with total amount of purchase with more than PHP 300,000.00 annually must undergo Third Party Assessment.

Evaluation, Ratings, and Issuance of Accreditation Certificate is still under the Vendor Accreditation Committee (VAC).

Vendor accreditation documents and payment requirement (third party are being communicated by third party assessor.

6.9. Vendors that are exempted to this process may refer to section Item 1.2.

6.10. Accreditation of Vendors shall be done whenever the following instances are encountered:

6.10.1. New requirement arises.

6.10.2. Insufficient number of accredited vendors in the pool.

6.10.3. Need to make a supply situation more competitive.

6.10.4. Replacement of vendors due to following reasons:

6.10.4.1. Vendor has gone out of business.

6.10.4.2. Vendor has discontinued production of a particular line.

6.10.4.3. Outdated technology; or,

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6.10.4.4. Vendors' performance review results to poor performance as defined in Vendor Performance Evaluation

6.10.4.5. Existing vendor is recommended for blocking as defined in Vendor Performance Evaluation

6.11. Sources of Potential Vendors for Accreditation:

6.11.1. Procurement Department shall source individual vendors where a product /service can be ordered. These include manufacturers or independent distributors and direct service providers. These can be done through the following sources:

6.11.1.1. Company's database of current and past vendors.

6.11.1.2. Trade directories, buyer's guides, Third party referrals.

6.11.1.3. Vendors themselves through visits from sales force or direct mail shots.

6.11.1.4. Exhibitions and conferences.

6.11.1.5. Periodicals.

6.11.1.6. Professional colleagues within the Kuok group and outside the Company.

6.11.1.7. Embassies; and,

6.11.1.8. E-bay and other electronic portals

6.12. Vendor Accreditation Committee (VAC) Members

6.12.1. Chairmanship of the Vendor Accreditation Committee shall be the Vice President of Finance. The chairman shall convene the committee meetings, resolve issues, and break impasses as regards Vendor Accreditation whenever necessary.

6.12.2. The committee shall be composed of representatives from Accounting, Technical/Subject Matter Expert (SME) and Procurement who shall conduct and

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shall conduct and determine the following:

6.12.2.1. The desk top review of all documents and the application form submitted by the Vendor for completeness. Relevant documents to evaluate suitability of the product or services being offered by the vendor shall be reviewed in coordination with the concerned department.

6.12.2.2. Accounting Representative – to conduct an analysis of financial viability of Vendor.

6.12.2.3. Technical Representative/Subject Matter Expert (SME) – shall determine the vendor's technical background and capability to perform required works and services.

6.12.3. Technical Representative who shall check the acceptability and adaptability or interoperability functions of the vendor's products and/or services based on the user's specific and documented requirements and standards. It shall be coordinated with Procurement.

6.12.4. Each member of the VAC shall complete the Approval Sheet, indicating the findings/ comments/ assessment and/ or recommendations. Refer to the Approval Authorization Chart approved by the Chairman.

6.13. Accreditation Requirements

6.13.1. Vendor applying for accreditation shall submit relevant documents listed in Annex 1, depending on the type of product or service offered.

6.13.2. Each VAC member (refer to section 6.12 for membership composition) shall be given a set of documents relevant to their review based on the accreditation criteria (refer to section 6).

6.13.3. The actual site visit shall be done by Procurement and/or a representative from the Requestor and other subject matter experts (whenever necessary) who are familiar with the product/service of the vendor. Representatives from other

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groups such as Legal, Technical, HRAS, and Accounting may be consulted or invited to confirm findings and observations during vendor visit, which shall serve as basis for accreditation.

6.14. Vendor visit is required for:

6.14.1. The accreditation of new/first-time vendors who will potentially supply both categories of products/services:

6.14.1.1. A vendor with potentially more than PHP 5 million one-time or annual contract. Vendor visit must be done prior of any award.

6.14.1.2. Any vendor regardless of the any potential awarded amount that is required by the management to conduct vendor visit.

6.14.2. Whenever necessary, samples or demonstration units shall be required from the vendor to ensure the quality and interoperability of the products being offered. The testing or application of samples shall be coordinated with the user department. If the product is of such nature that testing is impractical due to the time or expense required, VAC would depend on the technical evaluation of the design and specifications, qualifications, and reputation of the vendor.

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6.15. Accreditation Criteria and Documentation Requirements

A vendor applying for accreditation shall be evaluated based on the criteria legal requirements compliance, financial stability, and technical capability.

6.15.1. <u>Legal Capability and Regulatory Requirements</u>

The documentary requirements shall be as follows:

a. Business Registration Certificates [Certificate of Incorporation/Partnership from the Securities Exchange Commission (SEC) – for corporation/partnership, Certificate from the Department of Trade & Industry (DTI) – for sole proprietorship].
b. SEC and Incorporation Papers (articles of Incorporation/Partnership/By-laws)
c. Tax Identification Number (TIN)
d. BIR Registration 2303
e. Business Permits/Licenses; Mayor Permit; Health Permit; Fire Clearance Certificate; Sanitary Permit and the like
f. Exclusive Distributorship Agreement
g. SSS Certificate of Payments
h. Service Contracts: Complaint to Department of Labor and Employment (DOLE) Requirement (Force Labor, Child Labor & Human Rights) and NLRC Clearance
i. SOSIA and PADPAO (if applicable)
j. License to Operate (if applicable)
k. License to Own and Possess Firearm (if applicable)
l. Certificate from Bureau of Animals (if applicable)

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m. Dole 174 (not applicable for trading vendors)

n. Data Privacy Consent Form

6.15.1.1. All Vendor applying for accreditation shall be requested to upload the original documents to the Third-Party Vendor Portal who will validate the authenticity of submitted documents.

6.15.1.2. In case any of the documents presented were found insufficient, further documentation requirements shall be required.

6.15.2. **Financial Stability**

The VAC approval sheet including the following pertinent documents shall be also uploaded to Third Party Vendor Portal for proper evaluation.

a. Last two (2) years Audited Financial Statement (companies operating for 3 yrs. or more) or one (1) year Audited Financial Statement (companies operating for 1 to 2 year/s old); or Bank Statement for <1 year.

b. Un-audited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for one (1) - year old companies whose audited FS is not yet available at the time of accreditation); or

c. Interim Financial Statements should be certified true and correct by the President / CFO in every page using the company's letterhead (for companies who wishes to present their interim FS given the remarkable performance/recent developments which now becomes more relevant as compared to historical audited.

6.15.2.1. Accounting Representative shall review the financial strengths/capability of all vendors applying for accreditation.

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6.15.2.2. Only those vendors who pass will be included in the pool of accredited suppliers.

6.15.2.3. The result of financial evaluation shall be reflected in the VAC approval sheet including the findings/comments/assessment/ recommendations.

6.15.2.4. Re-evaluation of financial Capability of accredited vendors must be done as requested by the VAC Committee.

6.15.2.5. Procurement shall review the vendor profile and compare against the updated actual total spend per vendor description to check if there are vendors that change its risk/value profile. These Vendors shall be re-classified whenever necessary.

6.15.3. **Technical Capability**

Procurement and the Technical Representative of the Requisitioning department shall evaluate on the acceptability and suitability of the product or services offered by the vendor. This can be verified based on the conformance to regulatory and Company's standards, past performance/ relevant experience relative to the product/service offered can also be considered.

The vendor's adequacy of facilities, manpower and equipment to deliver the products or services on a continuing basis shall be validated thru any of the following but not limited to:

6.15.3.1. Vendor Visit (Please refer to the section 6.14)

6.15.3.2. 3rd Party Validation

6.15.3.3. Interview of reference sites

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6.15.3.4. The following documents shall be used to check on the product acceptability and adequacy of resources of the vendor:

a. Legal Documentary requirement for Contractors (Min: A): License from Philippine Contractor's Accreditation Board (PCAB)

b. Summary of Completed and on-going contracts (related to services offered) or List of Clients who have been using the products offered.

c. Certificate of Product Type Approval from regulatory / governing agency / international accrediting bodies when the type of product requires it.

d. Table of Organization/ Competencies of Technical Personnel (For service-related vendors)

e. Technical Catalogs & Brochures for List of products / services carried.

f. Statement of Types of Machineries & Equipment Owned

g. Environmental Performance (If Applicable)

6.16. Third Party Assessor

A Third-Party Assessor is a private organization and a SPI business partner that responsible for conducting assessment activities to the prospective vendors and suppliers considering the requirements of the SPI Vendor Accreditation Committee (VAC).

Definition and responsibility are as follows:

6.16.1. They provide a facility via Vendor Integrity Access (VIA) Portal for easier collection of vendor's accreditation documents.

6.16.2. They only collect and assesses documents from VIA Portal uploaded by the vendors.

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6.16.3. They are vetting on the vendors/ suppliers by carefully checking (not limited to) if they meet the organizational standards, obligations once under contract, previous & existing law cases, legitimacy of Government Mandated & other docs (ex. SEC and Audited Financial Statements), Change of Company Names to name a few. The end goal is to secure a legitimate, low-risk, best-in-class vendor, and supplier portfolio.

6.16.4. Third party assessment does not carry numerical weight in the rating sheet, but assessment result is being considered by VAC as guidance on identifying which areas to give special attention to during evaluation.

6.16.5. SPI VAC is the only body that can decide if the vendors are rejected or accredited based on their final ratings as indicated on Vendor Accreditation Request Form (VARF).

6.17. Issuance of Certificate of Accreditation

6.17.1. A letter to certify accreditation shall be given to all vendors who have passed the accreditation process of the Company stating the specific product or service to be offered.

6.17.2. The Company shall consider accredited vendors as "Partners in Business". Vendors shall sign Business Ethics Agreement to protect the interest of both Parties.

6.18. Inclusion in the List of Accredited Vendor

6.18.1. All pre-qualification/accreditation status and updates must be recorded to the Vendor Master File via Portal.

6.18.2. Accounting / Finance process shall be informed of the newly accredited vendors which can be viewed via monthly update or Procurement Portal.

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| Approved by: Wolfgang Krueger, Executive Director | |

6.18.3. Procurement shall be responsible for:

6.18.3.1. Ensuring that vendors are properly tagged in Vendor Master File and Ensure file is updated every month or whenever there is a new update on the Vendor Master File.

6.18.3.2. Ensuring that all changes to critical vendor data are regularly updated in Vendor Master File; and,

6.18.3.3. Securing Vendor Master File/Procurement Portal against unauthorized access/modifications.

6.19. All pre-qualified/accredited vendors are required to submit the following documents whenever there are changes or needed for validation purposes and to update the Vendor Master file:

6.19.1. Audited Financial Statement as needed.

6.19.2. Business Permit (Mayor's Permit)

6.19.3. BIR 2303

6.19.4. Updated or new product Catalogs

6.19.5. Above documents will validate legal existence and financial soundness of the existing vendors of the company on a continuing basis.

6.20. Vendor Accreditation Review and Rationalization

The vendor list shall be reviewed every five (5) years. This process is to review the progress of the vendors in the organization by evaluating their performance, competencies, quantity of their transactions and their effectiveness and efficiency in the organization. Vendors with only one (1) transaction in a year is candidate for delisting in the master vendor file, preventive maintenance/repeated contracts are exempted for delisting.

SHANG
PROPERTIES

| Policy Title: Vendor Accreditation Procedures | Attachments: Annex A- Vendor Accreditation Process |
|---|---|
| Policy No.: DP-SPI-PROC 1.8 | Cross Reference: Purchase Requisition to Purchase Order Procedure DP-SPI-PROC 1.1 |
| Page: 15 of 19 | Last Update: 30 April 2021 |
| Distribution List: Recipients (ALL Employees) | Effective Date: 01 August 2024 |
| Prepared by: Lenie M Parto, Assistant Procurement Manager | |
| Reviewed by: Aldous P Licup, Senior Procurement Manager | |
| Concurred by: Rajeev Garg, VP-Finance | |
| Approved by: Wolfgang Krueger, Executive Director | |

## 7. ACCREDITATION REQUIREMENTS CHART:

| Legal Compliance | Financial Requirement | Technical Competency |
|---|---|---|
| ▪ Letter of Intent (with Vendor's company letterhead)<br>▪ Vendor Information Sheet<br>▪ SEC Business Registration Certificate for Corporations,<br>▪ DTI – Sole Proprietorship<br>▪ (Articles of Incorporation or<br>▪ Partnership / By – Laws)<br>▪ Tax Identification Number<br>▪ Business Permit / Licenses<br>▪ VAT or Non-VAT Registration<br>▪ PCAB and/or<br>▪ DOLE 174 License<br>▪ Exclusive Distributorship Agreement<br>▪ SOSIA and PADPAO (if applicable)<br>▪ License to Operate<br>▪ License to Own and Possess Firearm (if applicable)<br>▪ Certificate from Bureau of Animals (if applicable)<br>▪ Any other legal requirements that may deemed necessary for specific product or service being offered. | **For In-House Assessment :**<br>▪ Last Two (2) years Audited Financial Statement (co. existent for 3 yrs. or more) or<br>▪ One (1) year Audited Financial Statement (for 1-year old companies).<br>▪ Bank Statement for <1 year.<br><br>**Third Party Assessment:**<br>▪ Last Five (5) years Audited Financial Statement (co. existent for 3 yrs. or more) or<br>▪ One (1) year Audited Financial Statement (for 2-year-old companies).<br>▪ And Bank Statement for <1 year<br><br>***Un-audited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for 1-year old companies whose audited FS is not yet available at the time of accreditation) | ▪ **For Service Providers:** Summary of Completed and on-going contracts (related to the services offered)<br>▪ **For Goods Vendors:** List of Clients who have been using the products being offered.<br>▪ Table of Organization including CV's / Competencies of Technical Personnel (For service-related Vendors).<br>▪ Technical Catalogs & Brochures for List of products / services carried.<br>▪ Statement of Types of Equipment Owned (for Service Providers only).<br>▪ And other requirements that may deemed necessary for specific product or service being offered. |

SHANG
PROPERTIES

| | |
|---|---|
| **Policy Title: Vendor Accreditation Procedures** | **Attachments: Annex A- Vendor Accreditation Process** |
| **Policy No.: DP-SPI-PROC 1.8** | **Cross Reference: Purchase Requisition to Purchase Order Procedure DP-SPI-PROC 1.1** |
| Page: 16 of 19 | Last Update: 30 April 2021 |
| Distribution List: Recipients (ALL Employees) | Effective Date: 01 August 2024 |
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| Reviewed by: Aldous P Licup, Senior Procurement Manager | |
| Concurred by: Rajeev Garg, VP-Finance | |
| Approved by: Wolfgang Krueger, Executive Director | |

This policy is subject to change, review, amendment and/or cancellation at any time upon Management's discretion, if deemed fit and necessary.

********** END OF POLICY **********

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**ANNEX "A"**

SHANG PROPERTIES

**VENDOR ACCREDITATION PROCESS FLOW:**

| Activity Flow | Responsibility | Process / Remarks |
|---|---|---|
| START<br>↓<br>Send Invitation Letter | Procurement In Charge<br>(Buyer/ Negotiator) | • Prepare and send Invitation Letter to new vendors (accredited and unaccredited) to participate in a bidding.<br>OR<br>• When a vendor submits a Letter of Intent to be accredited by SPI for future requirements.<br><br>**Unaccredited vendors to undergo accreditation process simultaneously with the bidding process.*<br>*SLT: 1-2 Working days (from the receipt of PR)* |
| ↓<br>Received confirmation of Interest from Vendors | Procurement In Charge<br>(Buyer/ Negotiator) | • Confirmation interest from accredited and unaccredited vendors.<br>• Buyer/ Negotiator endorses short listed new suppliers to Procurement Assistant for >300K budget.<br>**Confirmation of vendor's interest is being done during the initial or pre-bid meeting.*<br>*SLT: 1-2Working das (waiting days from vendors to confirm their interest)* |
| ↓<br>Endorse unaccredited vendors to 3rd party assessor (for >300K) | Procurement In Charge<br>(Procurement Assistant)<br>Process c/o<br>Third-Party Assessor | • Endorse thru email the unaccredited vendor to third party assessor for >300K budget.<br>• Third-party collects documents and payment requirements and proceeds to assessment process.<br>**Vendor accreditation documents and payment requirements are being communicated by the third-party assessor to the vendor. The evaluation and assessment depend on how quickly the vendor pays and submits requirements to 3rd party assessor.*<br>**Notice to prioritize top 3 vendors based on the result of on-going bidding is being sent by Procurement to the Third-Party assessor to ensure that the vendor is accredited prior of the award. SLT: 1-2 Working days (upon receipt of confirmation from vendor)*<br>*SLT: 10-12 Working Days (upon receipt of complete documents)* |
| ↓<br>Transaction Monitoring (>15 Transactions, <300K Spend) | Procurement In Charge<br>(Procurement Assistant) | • For Monitoring, YTD Monthly spend report is generated every 1st week of the following Month to monitor supplier spend and frequency of purchase. For Suppliers with >300K spend will be endorsed to 3rd Party assessment.<br>**The evaluation and assessment depend on how quickly the vendor submits requirements to the Category Leaders (Leads for Eng and Non Eng)*<br>*SLT: 10-12 Working Days (upon receipt of request to preparation of VARS)* |
| ↓<br>Update (Excel) Monitoring File | Procurement In Charge<br>(Procurement Assistant) | • Update Vendor Master File on to reflect endorsement of vendor for third-party assessment and in-house Assessment<br>** Vendor Master File – record of all POs awarded to vendors and accredited and non-accredited vendors including status of accreditation. SLT: 1-2 Working days(upon endorsement to 3rd Party)* |
| ↓<br>Receive notice of availability of assessment report from third-party | Procurement In Charge<br>(Procurement Assistant) | • Receives E-mail notification from third-party assessor that assessment report including accreditation documents is already available and can be downloaded from the assessor's "portal". |
| ↓<br>Page 2 | | |

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SHANG
PROPERTIES

| Activity Flow | Responsibility | Process / Remarks |
|---|---|---|
| Page 2 | | |
| Notify VAC on availability of assessment report. | Procurement In Charge (Procurement Assistant) | •Notifies Procurement Specialist/ Procurement Assistant Manager/ Category Leader to process VARS.<br>*SLT: 1-2 Working days(upon receipt of email notification from 3rd Party Assessor)* |
| Check Legal document and prepare VARS. | Procurement - Assistant Manager / Category Leader | •Once the notification has been received, Procurement to notify Vendor Accreditation Committee (VAC) of the availability through printed Vendor Rating Sheet (VARS) and give access to the assessment report and vendor's documents.<br>*VAC is composed of Chairman (VP – Finance) and representatives from Accounting, Technical and Procurement.*<br>•Check legal document requirements and prepare Vendor Accreditation Rating Sheet (VARS)<br>•Download and print necessary docs from Vendor Portal and attach to VARS for approval routing<br>*SLT: 1-2Working days (upon receipt of complete documents-for in-house/VIA Portal)* |
| Review and sign VARS. | Procurement - Assistant Manager,<br>Senior Procurement Manager | •Review and sign VARS for legal document requirements and its rating.<br>•To endorse VARS to Senior Procurement Manager for review and approval.<br>*SLT: 1-2 Working days(upon receipt of printed VARS)* |
| Route VARS to VAC | Procurement In Charge (Procurement Assistant) | • Route VARS to other VAC Members.<br>*SLT: 1-2 Working days (upon receipt of signed VARS from SPM.* |
| Review assessment report and documents and accomplish VARS (Financial and Technical) | VAC: Procurement, Controller, Technical Representative | • VAC reviews assessment report and vendors documents and accomplish VARS.<br>** Accounting Representative - to review Financial Viability, check/review result of third-party assessment and match with own assessment result.*<br>** Technical Representative - reviews vendor's technical background and capability*<br>*SLT: 2-3 Working days Accounting.*<br>*SLT: 2-3 Working days Technical*<br>*(upon receipt of approved VARS from Legal, Finance or Technical whichever comes first)* |
| Review and approve VARS. | Approvers: DH of Requestor, DH of Procurement | • Reviews and approves VARS<br>*SLT: 2-3 Working days DH Requestor*<br>*SLT: 2-3 Working days DH of Procurement*<br>*(upon receipt of accomplished VARS-Legal, Technical and Finance)* |
| Received accomplished VARS and Prepare Vendor Accreditation Certificate | Procurement In Charge (Procurement Assistant) | • Receive and checks accomplish VARS.<br>** Total Turn Around Time (TAT) from preparation to completion of VARS is 22-30 working days average LT.*<br>• Draft Vendor Accreditation Certificate<br>*SLT:1-2 Working days (upon receipt of completed approved VARS)* |
| Review& Approve Vendor Accreditation Certificate | Procurement - Assistant Manager,<br>Senior Procurement Manager | • Review Vendor Accreditation Certificate<br>• Approve Vendor Accreditation Certificate based on Approval Authorization Chart<br>*SLT:1-2Working days upon receipt of completed approved VARS)* |
| Page 3 | | |

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SHANG
PROPERTIES

| Activity Flow | Responsibility | Process / Remarks |
|---|---|---|
| Page 3 | | |
| Issue Vendor Accreditation Certificate to Vendor | Procurement In Charge (Procurement Assistant) | • Issue thru email the Vendor Accreditation Certificate to newly accredited vendor.<br><br>*SLT: 1-2 Working days (upon receipt of approved certificate)* |
| Update Vendor Master File | Procurement In Charge (Procurement Assistant) | • Update Vendor Master File to reflect newly accredited vendor. Ensure updated file is saved/ uploaded on Shared Folder or Procurement Portal and Ensure Accounting/ Finance is informed.<br><br>*SLT: 1-2 Working days (upon receipt of signed certificate and business ethics)* |
| Prepares report on accreditation status. | Procurement In Charge (Procurement Assistant) | • Every first week of the month, prepare and report to Procurement Senior Manager the vendors list. |
| END | | |

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# ANNEX 2

# SUPPLIER CODE OF CONDUCT

The Shangri-La group of companies including Shangri-La Asia Limited, Shangri-La International Hotel Management Limited, their respective subsidiaries, affiliates and controlled entities, as well as hotels and properties operated by the Group (collectively, **"Group"**), are committed to the core values that define the Group's reputation and brand: integrity, fairness, respect, ethical business conduct and excellence in service.

We require our suppliers, their employees, subsidiaries, affiliates and sub-contractors (collectively, **"Suppliers"**) to uphold the Group's core values and adhere to ethically, socially and environmentally responsible practices when doing business with the Group. These requirements are set out in more detail in this code of conduct (**"Code"**).

As a minimum, Suppliers are required to comply with the Code. Failure to comply with any provision of the Code could result in termination of the business and/or contractual relationship with the Group. The Group prefers to do business with Suppliers whose operations and business practices exceed the requirements of the Code.

## 1. Compliance with Laws and Regulations

Suppliers shall comply with all applicable laws, rules and regulations, including (but not limited to) those relating to labour, health and safety, and the environment of the place in which they operate or conduct business.

Suppliers shall notify the Group immediately of any violation of applicable laws, rules and regulations that may affect their ability to supply products or services to the Group in accordance with the Code.

## 2. Product Quality and Safety

Suppliers shall supply products and services that are safe, fit for purpose, of merchantable quality and comply with all applicable laws, rules and regulations.

## 3. Business Integrity and Ethics

Suppliers shall deal honestly, fairly and ethically in every aspect of their business, including sourcing, operations and relationships with clients, employees, suppliers and business partners.

Suppliers must not resort to anti-competitive, deceptive, discriminatory, dishonest, unlawful or unethical business practices.

## 4. Labour Standards and Practices

Suppliers shall comply with all applicable laws, rules and regulations pertaining to working hours, wages, benefits, minimum age, working conditions, occupational health and safety, and industrial relations.

Suppliers shall implement fair, humane and non-discriminatory employment practices, treat their employees fairly, with dignity and respect, and respect diversity and inclusion. Suppliers shall ensure that no threats of violence, physical punishment, or other forms of physical, sexual, psychological or verbal harassment or abuse are used as a method of discipline or control of their employees. Suppliers shall not use any form of forced labour, including coerced, bonded, indentured or child labour. Any form of slavery and/or human trafficking, or any contribution thereto, is strictly prohibited.

Suppliers shall provide a safe and healthy work environment to their employees and take measures to prevent workplace hazards and accidents.

Where employee housing is provided, we expect our Suppliers to meet or exceed the standards for health and safety as those that apply in the workplace.

Suppliers shall provide employees with avenues to raise issues of concern in confidence, without fear of reprisal or negative repercussion.

Where the right to freedom of association and collective bargaining is not restricted under law, Suppliers shall respect the rights of their employees to join or form trade unions and to bargain collectively.

## 5. Environment

Suppliers shall comply with all applicable environmental codes, laws, rules and regulations in the place where they operate and ensure that they obtain and maintain all necessary environmental permits and registrations to conduct their business.

Suppliers shall adopt appropriate environmentally friendly practices to minimise negative environmental impacts of their operations, products and services through measures such as proper waste management, pollution control and recycling, while continually advancing the sustainability of the products and services provided to the Group.

## 6. Community Engagement

Suppliers are encouraged to engage with, promote and contribute to the communities in which they operate to help foster social and economic development and sustainability.

## 7. Anti-Corruption

Any and all forms of corruption and bribery are strictly prohibited. Suppliers must comply with all applicable anti-corruption laws, rules and regulations of the country where their businesses are being conducted.

Suppliers shall not, directly or indirectly, offer, solicit, pay or accept any form of unlawful advantages such as (but not limited to) bribes, kickbacks, secret commissions, reward, favours, cash, gifts, loans, employment, facilitation payments or any other thing of value (**"Advantages"**) to secure improper business advantages.

Suppliers doing business with the Group must not offer, solicit, pay or accept any form of Advantages to or from the Group's employee or representative on account of the Supplier's business dealings with the Group. Likewise, Suppliers must not offer any employee or representative of the Group excessive business entertainment that could be seen to compromise their objectivity in making decisions, that creates the appearance of impropriety, or that violates the law.

A Supplier must not offer or transfer any form of Advantages, directly or indirectly, to any public official, body or agency in order to secure any improper business advantage for or on behalf of the Group.

The Group is required to comply with various anti-corruption laws and regulations, including without limitation Hong Kong's Prevention of Bribery Ordinance (Cap. 201). Suppliers doing business with the Group must be familiar and comply with the requirements of these laws and regulations.

## 8. Accurate Books and Records

Suppliers shall maintain proper, accurate and complete books and records in accordance with applicable laws, rules, regulations and recognised accounting standards and practices.

Suppliers shall promptly and in good faith, provide accurate information reasonably required to enable the Group to comply with its legal, regulatory and reporting obligations to governmental authorities, financial and stock exchange regulators. The intentional creation of false, misleading and deceptive books, records or documents is strictly prohibited.

## 9. Confidentiality

All information provided by the Group or otherwise obtained by Suppliers in their course of dealings with the Group (**"Group Information"**), including without limitation those pertaining to the Group's businesses, operations and policies, shall be treated as confidential, sensitive and proprietary information. Suppliers shall only use the Group Information for legitimate business purposes, in accordance with non-disclosure agreement(s), local laws, rules and regulations. Unless specifically authorised by the Group or otherwise required under law, Suppliers shall not disclose or communicate any Group Information to unauthorised third parties, the public and/or the media.

## 10. Data Protection

The Group is required to comply with various data privacy laws and regulations, including without limitation Hong Kong's Personal Data (Privacy) Ordinance (Cap. 486) ("PDPO"). In the event that a Supplier receives, becomes privy to or is given access to the personal data of the Group's guest(s), customer(s) and/or employee(s) (**"Personal Data"**), we expect our Suppliers to collect, use, handle, process, store, disclose and transfer such Personal Data in compliance with the Group's policies, the PDPO and all data protection and privacy laws and regulations of all applicable jurisdictions. Suppliers shall not use or disclose any such Personal Data, or engage and/or authorise any third-party service providers to process any such Personal Data, without the prior written consent from the Group.

Suppliers shall promptly notify us in the event of any unauthorised disclosure, leakage or use of Personal Data ("Data Incident") and work with us in good faith to mitigate the impact of any Data Incident on us, our guest(s), customers and employees and in compliance with the applicable data protection and privacy laws and regulations.

## 11. Intellectual Property Rights

Suppliers shall recognise and respect the Group's intellectual property rights in its trademarks, copyright, design and patents. Suppliers shall not engage in any activities that may infringe upon any of the Group's intellectual property rights or tarnish the Group's reputation.

## 12. Implementation of the Code

Suppliers shall take appropriate steps to ensure that the principles of this Code are communicated to, adopted and applied by their employees and throughout their own supply chains (including their suppliers, sub-contractors and business partners who are involved in the provision of products and services to the Group), where applicable. The Group reserves the right, upon provision of reasonable notice to Suppliers, to conduct compliance audit with Suppliers on the Code. Suppliers shall promptly and in good faith, provide relevant information to demonstrate compliance with the Code. If necessary, Suppliers shall facilitate site visits by us and/or our auditor(s) to assess compliance with the Code.

### Reporting Violations

Suppliers shall report any violations or suspected violations of applicable laws, regulations and the Code to the Group. To report a violation confidentially, please click on the following link: *http://www.shangri- la.com/corporate/about-us/supplier-code-of-conduct/violation-reporting/*

The Code may be updated from time to time. Suppliers should refer to the Group's website at: *http://www.shangri-la.com/corporate/about-us/supplier-code-of-conduct/* for the most up-to-date version of the Code.

SHANG

PROPERTIES

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To view the full
2025 Annual Report,
please scan the code.

# 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

**S**ervice
**H**onesty
**A**sian
**N**obility
**G**lobal

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# 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 Residences*

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 31 December 2025, 218 units have been sold for a total PhP5.9 billion in sales revenue.

*Artist's perspective of the pool*

*Artist's perspective of the three-bedroom residence*

Scan the QR code to view the Shang Bauhinia Residences website

*Artist's perspective of the Lounge Area*

# 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 1,019 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 Summit Ballroom*

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 31 December 2025, 395 units have been sold, generating a total of PhP8.0 billion in sales revenue.

Scan the QR code to view the 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 Play Areas.

# LAYA BY SHANG PROPERTIES

RESIDENTIAL

*Artist's perspective of The Corner Lounge*

*Artist's perspective of the 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 31 December 2025, 379 units have been sold, bringing in a total of PhP4.6 billion in sales revenue.

Scan the QR code to view the Laya by Shang Properties website

*Artist's perspective of the Lounge Area*

# 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.

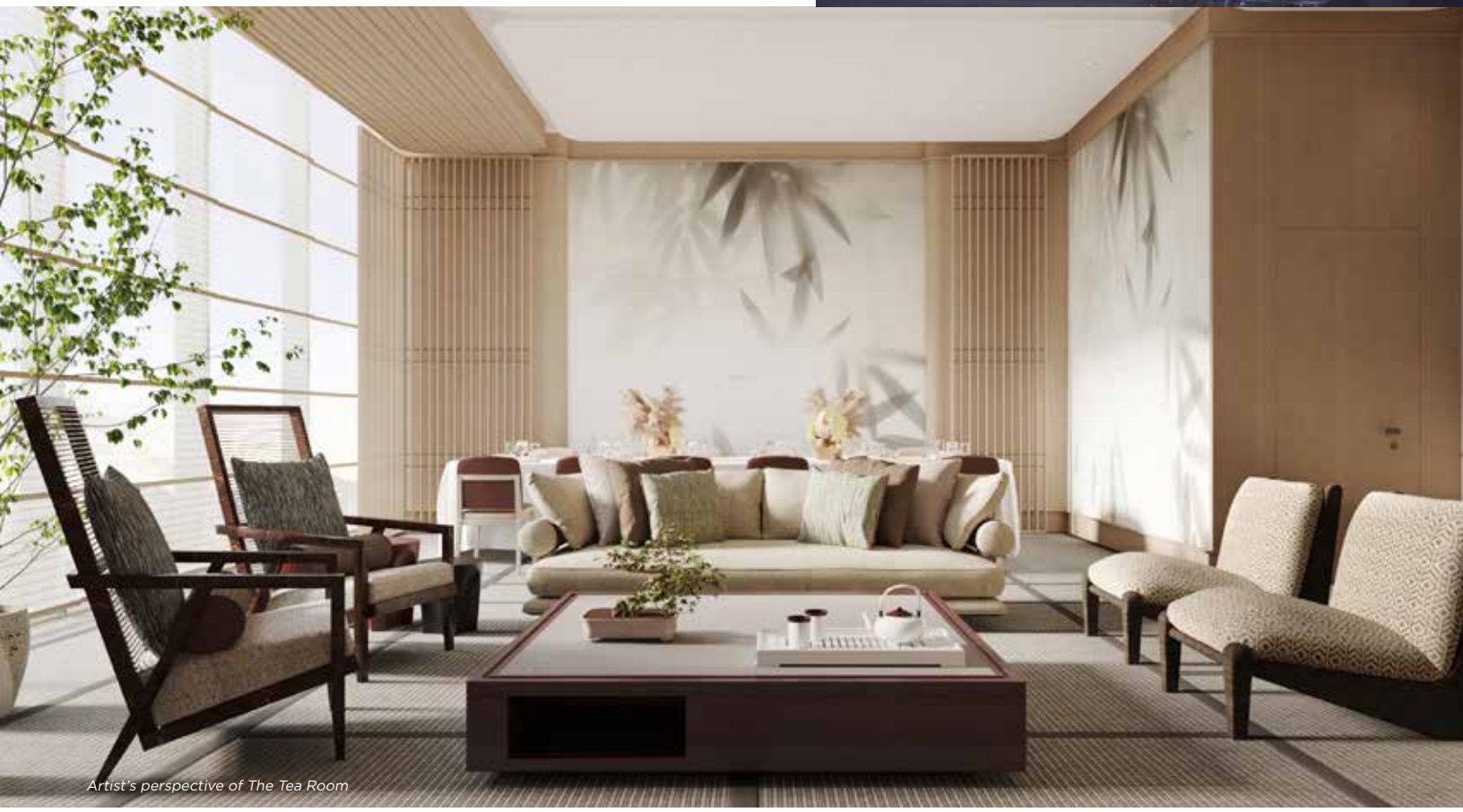
The development consists of two distinct towers: the North Tower, housing 483 residences, and the South Tower, which adds another 568 homes to the community. Haraya Residences prioritizes community and privacy through over 2,500 square meters of outdoor amenities and a comprehensive suite of indoor facilities.

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 31 December 2025, 420 units had been sold, generating PhP12.5 billion in sales revenue.

Scan the QR code to view the Haraya Residences website

*Artist's perspective of Haraya Residences*



*Artist's perspective of The Tea Room*

*Actual image of Aurelia Residences*

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, is both an

# AURELIA RESIDENCES

RESIDENTIAL

*Actual image of the Lounge Area*

*Actual image of the Grand Staircase*

aesthetic and functional triumph. This unique three-wing layout maximizes privacy while affording every home panoramic views of the Manila Golf Club, Manila Polo Club, and 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, as unit turnover officially started on 1 September 2025.

Aurelia Residences continues to demonstrate exceptional market performance, with 259 units sold as of 31 December 2025, generating a total of PhP33.5 billion in sales revenue.

Scan the QR code to view the Aurelia Residences website

*Actual image of the Lounge*

*Artist's perspective of Shang Residences at Wack Wack*

# 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 having only six to 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 31 December 2025, 361 of the 404 units have been sold, generating PhP 13.1 billion in sales revenue.

Scan the QR code to view the Shang Residences at Wack Wack website

*Actual image of the Exercise Studio*

*Actual image of the pool*

# SHANGRI-LA PLAZA

MALL & RETAIL

Amid a dynamic retail landscape, the Shangri-La 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 the mall'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

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.

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.

**02**
The identified topics are evaluated and prioritized according to their significance and impact on both stakeholders and the company.

**03**
Material topics are consulted with and approved by the Board of Directors to ensure alignment with the Group's Mission and Vision.

**04**
Based on the agreed material topics, management actions are identified and incorporated into the business plan.

**05**
Company performance regarding the material topics (also referred to as Core Drivers) is regularly reviewed by the Board.

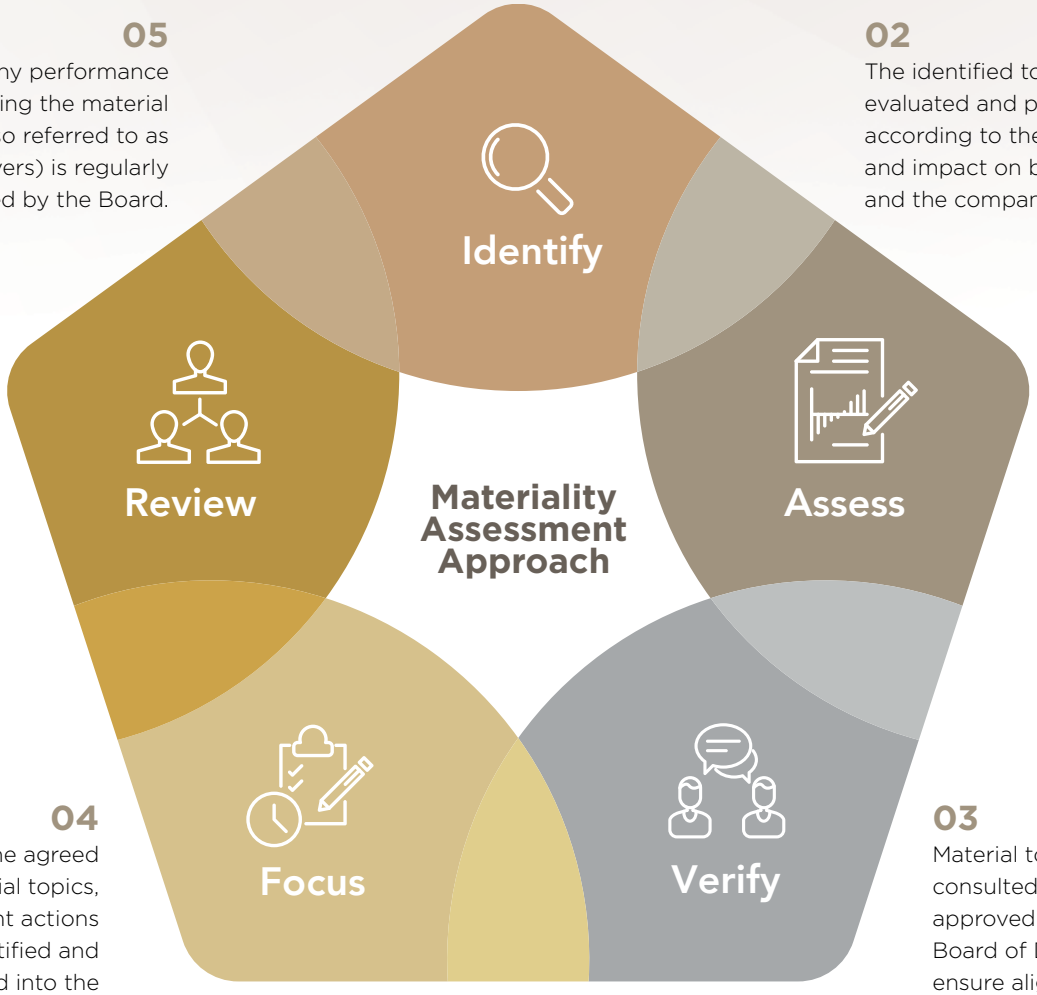



Figure 1 Materiality Assessment Approach

# 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.

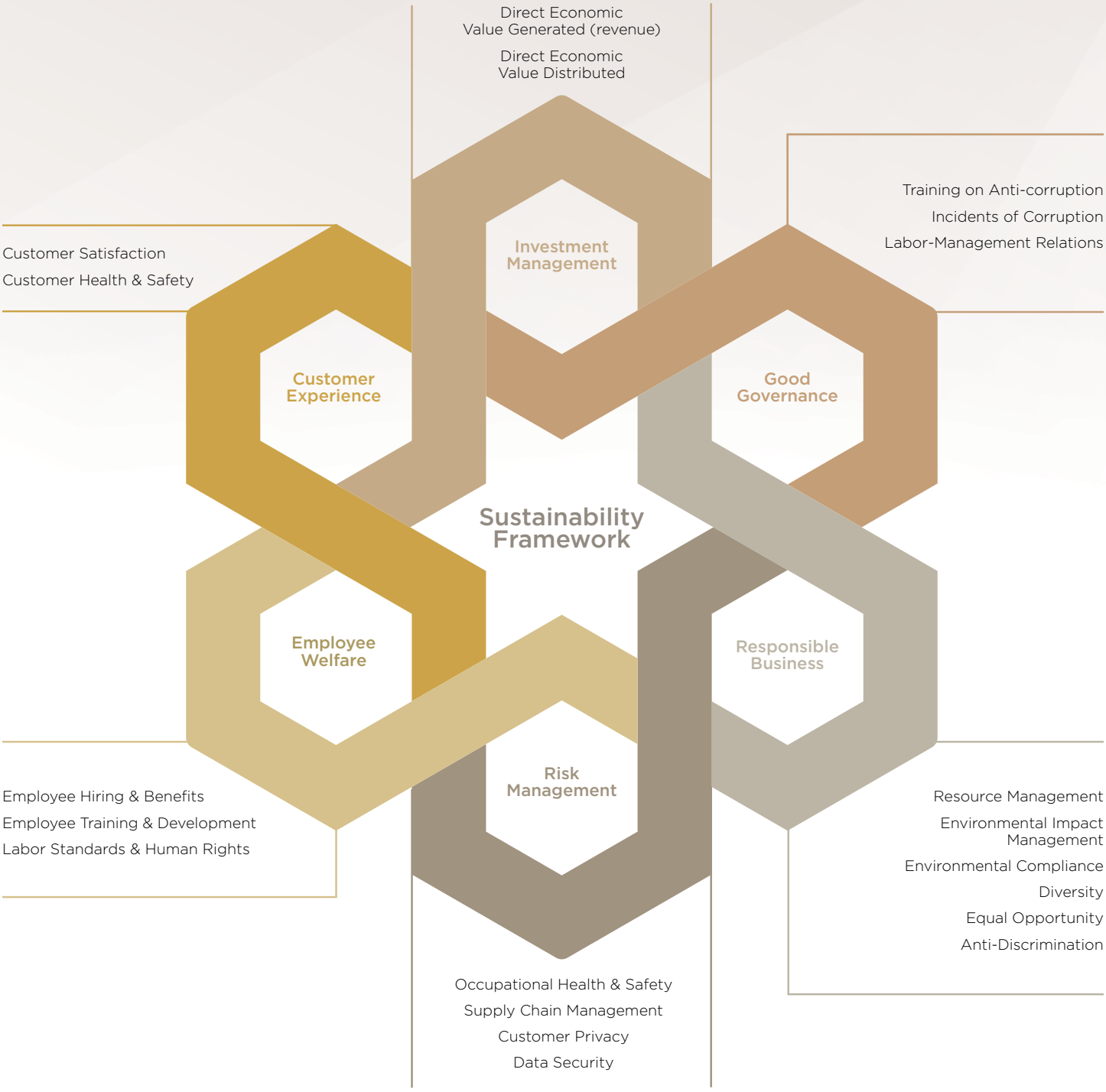



Figure 2 SPI Core Drivers

# 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<br>• Corporate Disclosure<br>• Corporate Website | • Financial Performance and Cash Flows<br>• Business Outlook<br>• Resolutions of Business Concerns<br>• ESG Performance | Annually or as needed |
| Strategy (Climate-related risks and opportunities) | • Training and development programs<br>• Email blasts and bulletins<br>• Annual performance appraisals<br>• Online portals / Social Media<br>• Company activity and Events | • Skills inventory development<br>• General company updates<br>• Performance review and improvement<br>• Job opportunities<br>• Employee activities and socialization<br>• Health and wellbeing | Quarterly or as needed |
| Customers and Guests | • Customer satisfaction surveys<br>• Telephone hotlines<br>• Social Media | • Customer Feedback / areas for improvement<br>• General Information<br>• Events, Customer complaints | As needed |
| Residents and Tenants | • Email blasts<br>• Memorandums<br>• Meetings<br>• Evacuation drills | • Promotions<br>• Maintenance and Service Interruption, Escalations, Property Updates<br>• Exploratory, Pre-Construction, Egress<br>• Fire life and safety<br>• Residents / Tenants' complaints<br>• Other operational issues | As needed |
| Suppliers and Contractors | • Emails<br>• One on one meetings<br>• Group meetings/discussions<br>• Telephone / mobile phones<br>• Site inspections | • Cost proposal<br>• Warranties<br>• Duration of project<br>• Scope / Deliverables<br>• Payment for services rendered<br>• Accreditations / Certifications / Licenses | As needed |
| Government and Regulators | • Emails<br>• Site inspections<br>• Correspondences<br>• Telephone / mobile phones | • Coordination of requirements<br>• Compliance to regulations<br>• Continuous communication and coordination of schedules<br>• 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 | $7.6 \times 10^{-5}$ | **$1.7 \times 10^{-4}$** |

*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

## Labor Standards and Human Rights

| Disclosure | Unit | 2023 | 2024 | **2025** |
|---|---|---|---|---|
| No. of Legal Actions or Employees Grievance involving Forced or Child Labor | # | 0 | 0 | **0** |

### Policies

Our commitment to the highest ethical standards is reflected in our policies, which explicitly prohibit any violations of labor laws and human rights. For more information, please refer to our Code of Business Conduct and Ethics:

https://www.shangproperties.com/app/uploads/2021/05/Code-of-Business-Ethics.pdf
https://www.shangproperties.com/app/uploads/2021/05/05.pdf

| TOPIC | 2023 | 2024 | 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

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

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

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.

**Maximo G. Licauco III** is the Vice Chairman of the Company. He is the President of Filstar Distributors Corporation (Licensee of Hallmark Cards and exclusive distributor of BIC Products). He was previously an Area Vice President of National Book Store, Inc. where he spent 34 years in the retail business. He graduated at the Ateneo De Manila University with Bachelor of Arts Degree major in Economics.

**Cynthia Roxas Del Castillo** is a Senior Partner and a member of the Executive Board at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles and has been with the firm for over 30 years. She holds an LI.B from Ateneo, graduated Valedictorian in 1976 and placed 11th in the 1976 Bar Examinations. She was a former Dean of the Ateneo de Manila University's Law School and the first woman to hold the said position. She currently serves as Corporate Secretary and Director of other various Philippine corporations.

**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.

**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.

**Alexandra Ramos-Padilla** also served as a member of the Board of the Company 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.

**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.

**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 the Company. Prior to joining the Company in 2019, 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.

**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.

# 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 2025.

## 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:

| | 2026* | 2025 | 2024 |
|---|---|---|---|
| Number of Board Meetings | 1 | 4 | 4 |
| Attendance | | | |
| Executives | 100% | 89% | 82% |
| Independent Non-Executive | 100% | 92% | 96% |
| Average | 100% | 90% | 90% |

*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 10 Directors. The Directors are Edward Kuok Khoon Loong, Maximo G. Licuaco III, Cynthia R. Del Castillo, Cheng Wai Sin, Maria Rochelle S. Diaz, Alexandra Ramos-Padilla, Antonio O. Cojuangco, Karlo Marco P. Estavillo, Wolfgang Krueger, and Benjamin Ivan S. Ramos. The biographies of the Directors are set out on pages 36 and 37 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 2025, 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 three (3) years are as follows:

| Audit Committee Meetings | 2026* | 2025 | 2024 |
|---|---|---|---|
| No. of Meetings | 1 | 4 | 4 |
| Attendance | 100% | 100% | 92% |

*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 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 17 June 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 18 June 2024.

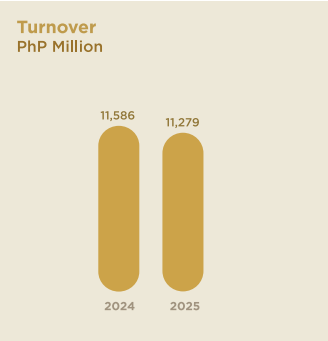
    2. Election of Directors for the year 2025-2026.

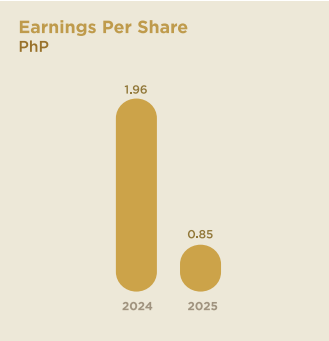
    3. Appointment of External Auditor

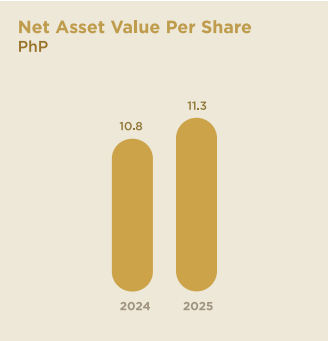
# FINANCIAL HIGHLIGHTS

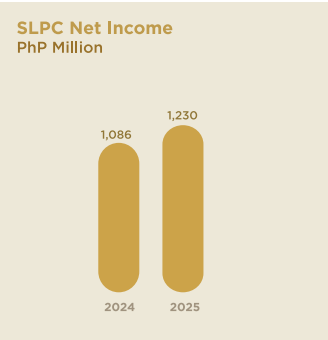
## TWO-YEAR OVERVIEW

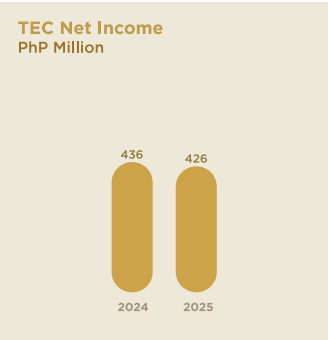
| | | 2025 | 2024 | Change |
|---|---|---|---|---|
| Turnover | (PhP M) | 11,279 | 11,586 | -2.7% |
| Profit attributable to shareholders of the Parent Company | (PhP M) | 4,026 | 9,357 | -57.0% |
| Equity attributable to shareholders of the Parent Company | (PhP M) | 53,982 | 51,233 | 5.4% |
| Earnings per share attributable to shareholders of the Parent Company | (PhP) | 0.85 | 1.96 | -56.6% |
| Net asset value per share attributable to shareholders of the Parent Company | (PhP) | 11.3 | 10.8 | 4.6% |
| 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) | 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% |

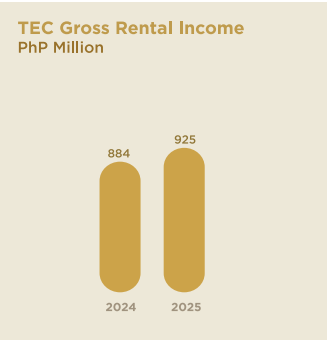






# STOCK PERFORMANCE & SHAREHOLDER MATTERS

| | 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.

## 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 | 11,585,919 | 9,816,777 |
| Operating profit | 3,962,630 | 4,036,577 | 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 | 59,749,115 | 57,174,925 | 47,535,338 |
| Associated company | 8,953,153 | 9,250,604 | 8,219,286 |
| Other assets | 2,569,600 | 2,713,501 | 2,740,567 |
| Net current assets/(liabilities) | 12,047,822 | 4,889,817 | (119,017) |
| Long term liabilities | (24,213,212) | (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

pwc 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<br><br>Refer to Note 10 to the consolidated financial statements for the details of the investment properties and discussion on critical accounting estimates and assumptions.<br><br>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.<br><br>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:<br><br>• similar market listing in the area by comparing to records of recent sales and offerings of similar properties;<br>• occupancy rate by agreeing to management's records and historical actual information;<br>• expense-revenue ratio by comparing to the historical experience of the Group's leasing operations;<br>• rental value by comparing to prevailing market rents on leasing transactions of comparable properties; and<br>• discount rate by comparing to published market yields.<br><br>We have also assessed the reasonableness of these assumptions given the current market and economic conditions.<br><br>We have evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, licenses and client portfolio.<br><br>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<br><br>Refer to Note 6 to the consolidated financial statements for the discussion on critical accounting estimates and assumptions.<br><br>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.<br><br>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.<br><br>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 60 to 119 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 60 to 119 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 60 to 119 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.

## 16 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 | 166,541 |
| Utilities | | 35,724 | 30,466 |
| Repairs and maintenance | | 8,353 | 11,254 |
| Advertising and promotion | | 4,025 | 2,351 |
| Professional fees | | 952 | 16,871 |
| Others | | 768,956 | 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 | 363,700 |
| | | 6,554,527 | 5,340,736 |

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 | 6,668,000 |
| | 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 | 467,727 |
| 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 | 45,672 | 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.

Trade receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary.

For the hotel operation, hotel guests who wish to avail of a credit line are subjected to the normal credit investigation and checking. References are required including review of the customer's financial position and earnings. Approval of a credit line is performed by the Financial Controller and the General Manager. A guest may not be given a line, but special ad hoc arrangements are allowed. It usually requires deposits, prepayments or credit card guarantees as collaterals. Existing credit lines are reviewed annually. The balances due from customers are considered as high-grade financial assets.

For the leasing operation, the Group enters into lease agreements with recognized and creditworthy third parties who are required to put up security deposits. The Group does not offer credit terms to third parties without the specific approval of management. In addition, receivable balances are monitored on an on-going basis with the result that the exposure of the Group to bad debts is not significant.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance as at December 31, 2025 and 2024 was determined as follows for trade receivables:

| | Current | More than 30 days past due | More than 60 days past due | More than 120 days past due | Total |
|---|---|---|---|---|---|
| December 31, 2025 (in thousands of Philippine Peso) | | | | | |
| Expected loss rate | 0% | 0% | 0% | 100% | |
| Trade receivables | 2,105,365 | 317,779 | 22,041 | 765,047 | 3,210,232 |
| Loss allowance | - | - | - | 765,047 | 765,047 |
| December 31, 2024 (in thousands of Philippine Peso) | | | | | |
| Expected loss rate | 0% | 0% | 0% | 100% | |
| Trade receivables | 6,057,350 | - | - | 13,308 | 6,070,658 |
| Loss allowance | - | - | - | 13,308 | 13,308 |

The Group's receivables classified as current did not have history of loss arising from contract with customers as it is able to repossess the sold property consequent to customer's inability to pay the transaction price. The Group believes that this assessment is adequate and reasonable in view of the credit quality of contract receivables. Accordingly, the expected credit loss on these fully performing contract receivables is deemed insignificant for financial reporting purposes.

Non-trade receivables

The credit exposure on nontrade receivables is considered to be minimal as there is no history of defaults and collections are expected to be made within 30 to 60 days. In respect of balances due from related parties, management considered the credit quality of these receivables to be good based on financial condition of the related parties.

*(c) Refundable deposits*

Refundable deposits are considered as high performing financial assets. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant.

### 31.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains sufficient cash and cash equivalents in order to fund its operations. The Group monitors its cash flows and carefully matches the cash receipts from its operations against cash requirements for its operations. The Group utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following table shows the Group's financial instruments as at December 31 based on its contractual maturity profile:

| | 0 - 90 days | 91 - 180 days | 181 - 360 days | Beyond 360 days | Total |
|---|---|---|---|---|---|
| At December 31, 2025 | | | | | |
| Bank loans | 4,522,000 | - | - | 14,573,000 | 19,095,000 |
| Accounts payable and other current liabilities* | 4,849 | - | - | - | 4,849 |
| Deposits from tenants | - | - | 833,912 | 593,188 | 1,427,100 |
| Dividends payable | - | 92,077 | - | - | 92,077 |
| Future interest payable | 68,090 | 207,956 | 210,267 | 6,827,034 | 7,313,347 |
| | 4,594,939 | 300,033 | 1,044,179 | 21,993,222 | 27,932,373 |
| At December 31, 2024 | | | | | |
| Bank loans | 11,055,000 | - | - | 7,040,000 | 18,095,000 |
| Accounts payable and other current liabilities* | 3,601,005 | - | - | - | 3,601,005 |
| Deposits from tenants | - | - | 570,017 | 502,378 | 1,072,395 |
| Dividends payable | - | 527,467 | - | | 527,467 |
| Future interest payable | 32,709 | - | - | 3,894,000 | 3,926,709 |
| | 14,688,714 | 527,467 | 570,017 | 11,436,378 | 27,222,576 |

**excluding advance rentals, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies and provision for restructuring*

### 31.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating, comply with externally imposed capital requirements, and maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's strategies and policies during 2025 and 2024.

The Group monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio as at December 31 is presented below:

| | 2025 | 2024 |
|---|---|---|
| Net debt | | |
| Bank loans | 19,095,000 | 18,095,000 |
| Less: cash and cash equivalents | 4,470,198 | 3,171,640 |
| | 14,624,802 | 14,923,360 |
| Capital | | |
| Total equity | 60,022,470 | 57,306,704 |
| Less: Non-controlling interest | 6,040,019 | 6,074,116 |
| | 53,982,451 | 51,232,588 |
| Gearing ratio | 0.27 | 0.29 |

The Group was able to meet its capital management objectives.

### 31.3 Fair value measurement

The Group follows the fair value measurement hierarchy to disclose its fair value measurements. The table below summarizes the fair value measurement hierarchy of the Group's assets and liabilities at December 31:

| | | Fair value measurement | | | |
|---|---|---|---|---|---|
| | Notes | 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 |

| | | Fair value measurement | | | |
|---|---|---|---|---|---|
| | Notes | Level 1 | Level 2 | Level 3 | Total |
| 2024 | | | | | |
| Assets measured at fair value | | | | | |
| Financial assets at fair value through profit or loss | 4 | 32,895 | - | - | 32,895 |
| Investment properties: | 10 | | | | - |
| Land | | - | 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.

C*ustomers' 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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# INVESTOR RELATIONS INFORMATION

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**PRINCIPAL BANKERS**
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BDO Unibank, Inc.
Philippine Savings Bank
Philippine National Bank

**AUDITORS**
Isla Lipana & Co.

**LEGAL COUNSEL**
Romulo, Mabanta, Buenaventura,
Sayoc & Delos Angeles

**PROPERTY VALUER**
Royal Asia Appraisal Corporation

**STOCK TRANSFER AGENT**
RCBC Trust Corporation
Stock Transfer Processing Section
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Brgy. Bel-Air, Makati City, Metro Manila,
Philippines 1209

**KEY DATES**
- Regular Board Meeting: Quarterly
- Annual Stockholder's Meeting:
  Any day in June of each year
- Fiscal Year: January 1 to December 31

Shang Properties, Inc.
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SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

**The following document has been received:**

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## Company Information

**SEC Registration No.:** 0000145490
**Company Name:** SHANG PROPERTIES, INC.
**Industry Classification:** K70120
**Company Type:** Stock Corporation

## Document Information

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# COVER SHEET

| 1 | 4 | 5 | 4 | 9 | 0 | | | | |
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SEC Registration Number

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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**
**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE**

1. For the quarterly period ended : 31 March 2026

2. Commission Identification Number : 145490

3. BIR Tax Identification Number : 000-144-386

4. Exact name of the Issuer as specified in this charter: **SHANG PROPERTIES, INC.**

5. Province, country or other jurisdiction of incorporation or organization: Not Applicable

6. Industry Classification Code: [ ] (SEC Use Only)

7. Shangri-La Plaza Adm. Office, 5th Floor, Shangri-La Plaza, EDSA cor. Shaw Blvd. Mandaluyong City 1550
Address of issuer's principal office Postal Code

8. (632) 8370-2700
Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report:

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA.

| Title of each Class | Number of shares of common stock outstanding and amount of debt outstanding |
|---|---|
| **Common Stock** | 4,764,056,287 common shares |

11. Are any or all of the securities listed on a Stock Exchange?

**Yes [ x ]** **No [ ]**

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**Philippine Stock Exchange**

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

**Yes [ x ]** **No [ ]**

(b) has been subject to such filing requirements for the past ninety (90) days.

**Yes [ x ]** **No [ ]**

**PART 1 – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

Please see attached.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Please see attached.

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**SHANG PROPERTIES, INC.**
Issuer

By:

**KARLO MARCO P. ESTAVILLO**
Chief Operating Officer

**ALOK AGARWAL**
Group Director of Finance

Date of Signing: 14 May 2026

# COVER SHEET

| 1 | 4 | 5 | 4 | 9 | 0 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|

S.E.C. Registration Number

| S | H | A | N | G | | P | R | O | P | E | R | T | I | E | S | , | | I | N | C | . | | | | |

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)*

**Shang Properties, Inc. and Subsidiaries**

Notes to the Unaudited Consolidated Financial Statements
(All amounts are shown in Philippine Peso unless otherwise stated)

## 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.

**Note 15 - Bank loans**

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).

**Note 16 - 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.

**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 | | 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 ₱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 ₱242.8M, 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

## 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

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usinessWorld THURSDAY, APRIL 23, 2026

EDITOR BETTINA FAYE V. ROC

# Banking&Finance

# PI stays bullish on loan growth espite 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- for credit.

light now, I still think that 1% 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 e some people who will do well. So, we'll just have to it," 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 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**

**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 sci.asm@shangproperties.com:

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All nominations should contain at least the following information:

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- 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.

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By Order of the Nomination Committee.

**FEDERICO G. NOEL, JR.**
Corporate Secretary

# anks' 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 *9.196 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*

Career Opportunity in **BDO Unibank, Inc.**

**Consultant**

No. of Vacancy: 1

**Job Description:**
Provide consultancy services for the Information Technology Group, focusing on IT Customer Relationship Management.

**Duties and Responsibilities:**

- Responsible for definition, implementation, and execution of key CRM deliverables
- Provide leadership in the resolutions of inter-program and inter-project issues
- Plan for overall CRM roadmap and strategy, and recommend initiatives to improve service
- Drive training and competency development of the team

| | |
|---|---|
| **Education** | Bachelor's degree in Computer Science, Information Technology or related experience |
| **Work Experience** | • At least 15 years of CRM experience in Banking or other Financial Institutions<br>• Demonstrated ability of managing complex projects involving integration of multiple technology solutions |
| **Technical Skills** | • Outstanding and collaborative communication skills and sound interpersonal competencies<br>• Excellent analytical and problem-solving skills with a strong, strategic, and business mindset.<br>• Strong knowledge on technologies, trends, concepts, and best practices of respective architecture and business domain |

**Location(s) of Workplace:** To be assigned at BDO Towers Valero

Applications may be sent to:
Francisca Jopia, HR Officer
jopia.franciscaemily@bdo.com.ph
(+632) 8840-7000

| Company / Employer | Name of foreign national intending to apply for the position |
|---|---|
| BDO Unibank, Inc.<br>Unit 31-A to 31-D 31/F & 32-A to 32-D 32/F<br>BDO Towers Valero, 8741 Paseo de Roxas,<br>Bel-Air, Makati City<br>(+632) 8840-70000 | Name: George McPhee<br>City of Residence: Pasig City<br>Nationality: British<br>Intended period of employment: 1 year |

**Company** hereby declares that the above-named foreign national is able, willing, and qualified to perform the services and job description for this position. The company has the intention to employ the said foreign national and apply for an Alien Employment Permit with the **Department of Labor and Employment – National Capital Region** located at **967 Maligaya Street, Malate, Manila.**

BDO Unibank is regulated by the Bangko Sentral ng Pilipinas (https://www.bsp.gov.ph).
For concerns, please visit any BDO branch near you or reach us through any of the channels listed in the Consumer Assistance page of our website: https://www.bdo.com.ph/consumer-assistance.
The BDO, BDO Unibank and other BDO-related trademarks are owned by BDO Unibank, Inc. All Rights Reserved.

Career Opportunity in **BDO Unibank, Inc.**

**Chief Advisor/Desk Head**

No. of Vacancy: 1

**Job Description:**
Responsible for leading the marketing of prospective clients and the relationship management of existing clients in Japan desk.

**Duties and Responsibilities:**

- Establish relationships with non-aligned Japanese banks
- Originate corporate referrals sourced for investments to the Philippines through various channels

## P 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 |
|---|---|---|---|---|---|---|
| **rtible 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 |
| ain 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 |
| i Arabia rial | 0.266638 | 3.750403 | 15.9852 | 0.062558 | 0.227081 | 4.403715 |
| i 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 |
| . 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

# 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

TAGUM GLOBAL MEDICAL CENTER, INC.
Prk Café, Visayan Village, National Highway, Tagum City
VAT Reg. TIN 009-990-737

**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

DEAR STOCKHOLDERS:

Please be informed that the Annual Stockholders Meeting (ASM) for 2026 of **Tagum Global Medical Center, Inc. ("Tagum Global")** will be held on June 8, 2026 (Monday) 8:00 AM at Tagum Global's 5th Floor Multipurpose Hall situated at Prk. Café, National Highway, Visayan Village, Tagum City. Those who cannot attend the meeting onsite may attend via Zoom Webinar. Only stockholders of record at the close of business on May 19, 2026, Monday, shall be entitled to attend the meeting and vote in the election.

To ensure only qualified stockholders will be able to attend Tagum Global's ASM 2026, please register on or before June 3, 2026 using the following link:

https://us02web.zoom.us/j/83171274642?pwd=N1lWU2dhK3FpNG-pLcTZ1WWx3UU9Md09

Upon successful registration and qualification, you will receive a confirmation email containing information about Tagum Global's ASM 2026, including the procedure for the conduct of election, notice that the meeting shall be recorded (visual and audio), and, if attending via Zoom, the link to the meeting.

The Agenda for ASM 2026 will be:
i. Call to Order
ii. Invocation
iii. Determination of Quorum
iv. Welcome Message
v. Reading and Approval of the Minutes of the ASM 2025
vi. Audited Financial Report 2025
vii. President's Report
viii. Ratification of the Acts and Proceedings of the Board of Directors and Officers
ix. Election of the Board of Directors 2026-2027
x. Appointment of External Auditor for Year 2026
xi. Other Matters
xii. Adjournment

If you cannot personally attend the meeting, you may send your proxy to attend in your behalf. Kindly submit your scanned duly executed proxy form via email at tgmcisec2021@yahoo.com not later 5:00 PM of May 31, 2026. An email confirmation shall be sent to your proxy to enable him/her to register using the link given above. You can download the proxy form from this link: tagum-globalmedicalcenterinc.com (Note: Management is not soliciting proxies).

For inquiries or concerns regarding the meeting, you may contact the undersigned via email at tgmcisec2021@yahoo.com or through mobile number 0998-994-8812.

Very truly yours,

MARIEBETH P. JUAREZ
Corporate Secretary

MT - Apr. 23 & 24, 2026

SHANG

**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 [illegible]

**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 Shareholder's Meeting.

By Order of the Nomination Committee.

FEDERICO G. NOEL, JR.
Corporate Secretary

MT - April 23, 2026

# 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

The Manila Times®

News source of choice. Trusted since 1898.

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA )S.S.

# AFFIDAVIT OF PUBLICATION

I, **Eden F. Del Rosario**, of legal age, married, Filipino and a resident of #22 21st Aveñue, Cubao, Quezon City in the Philippines, after having been duly sworn according to law, do hereby depose and state:

That I am the Credit and Collection Head of **The Manila Times**, a newspaper which is published Online and Printed in English and Edited in Metro Manila, and circulated nationwide daily from Monday to Sunday with postal address at 2/F Sitio Grande, 409 A. Soriano Avenue, Intramuros, Manila

That the attached **NOTICE OF ANNUAL STOCKHOLDERS' MEETING OF SHANG PROPERTIES, INC. TO BE HELD ON 22 JUNE 2026 AT 10:00 A.M. / 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 GARDEN BALLROOM, EDSA SHANGRI-LA MANILA, NO. 1 GARDEN WAY, ORTIGAS CENTER, MANDALUYONG CITY**

was posted online in **www.manilatimes.net** in its issue/s of **MAY 24 & 25, 2026**

In witness whereof, I signed this Affidavit in Manila, Philippines, this 25 MAY 2026 day of _____, 2026

**EDEN F. DEL ROSARIO**
**Affiant**

Subscribe and sworn to before me this 25 MAY 2026 day of _____, 2026 in Manila, Philippines, affiant exhibiting to me her **SSS ID No. 33-0045788-4**

ATTY. WILLIAM M. AY-AY, CPA,CDPO
Attorney-at-Law/Notary Public
Roll No. 84630
IBP No. 568515/13-20-2025, Quezon City
PTR No. 8396900/01-05-2026/Quezon City
MCLE Compliance No. VIII-0027229 Until April 14, 2028
Admin Matters NP-197/2025-2026

Doc. No. 115
Page No 24
Book No. 11
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Attorney-at-Law/Notary Public
Roll No. 84630
IBP No. 568515/13-20-2025, Quezon City
PTR No. 8396900/01-05-2026/Quezon City
MCLE Compliance No. VIII-0027229 Until April 14, 2028
Admin Matters NP-197/2025-2026

Doc. No. 115
Page No 24
Book No. 11
Series of 2026

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REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA )S.S.

# AFFIDAVIT OF PUBLICATION

I, **Eden F. Del Rosario**, of legal age, married, Filipino and a resident of #22 21st Aveñue, Cubao, Quezon City in the Philippines, after having been duly sworn according to law, do hereby depose and state:

That I am the Credit and Collection Head of **The Manila Times**, a newspaper which is published Online and Printed in English and Edited in Metro Manila, and circulated nationwide daily from Monday to Sunday with postal address at 2/F Sitio Grande, 409 A. Soriano Avenue, Intramuros, Manila

That the attached **NOTICE OF ANNUAL STOCKHOLDERS' MEETING OF SHANG PROPERTIES, INC. TO BE HELD ON 22 JUNE 2026 AT 10:00 A.M. / 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 GARDEN BALLROOM, EDSA SHANGRI-LA MANILA, NO. 1 GARDEN WAY, ORTIGAS CENTER, MANDALUYONG CITY**

was published in **The Manila Times** newspaper in its issue/s of **MAY 24 & 25, 2026**

In witness whereof, I signed this Affidavit in Manila, Philippines, this 25 MAY 2026 day of _____, 2026

**EDEN F. DEL ROSARIO**
**Affiant**

Subscribe and sworn to before me this 25 MAY 2026 day of _____, 2026 in Manila, Philippines, affiant exhibiting to me her **SSS ID No. 33-0045788-4**

ATTY. WILLIAM M. AY-AY, CPA, CDPO
Attorney-at-Law/Notary Public
Roll No. 84630
IBP No. 568515/12-20-2025, Quezon City
PTR No. 8396900/01-05-2026/Quezon City
MCLE Compliance No. VIII-0027229 Until April 14, 2028
Admin Matters NP-197/2025-2026

Doc. No. 116
Page No 24
Book No. 4
Series of 2026

# BSP promises wider financial access

**BANGKO Sentral ng Pilipinas (BSP) Governor Eli Remolona Jr. on Friday pledged to further expand access to financial services following a recent Social Weather Stations (SWS) survey showing increased financial account ownership among Filipinos.**

In a news release, the BSP cited results of the SWS survey conducted in the first quarter of the year, which showed that 58 percent of adults aged 18 and above own a financial account.

"This is higher than the 51 percent recorded for the same age group in the 2025 BSP Consumer Finance and Inclusion Survey," the central bank said.

The BSP noted that the increase in account ownership "was observed across all geographic areas, income groups, and education levels."

"About one in three respondents without an account said that another household member owns one," it added.

The survey also found that 43 percent of adult respondents own an electronic money (e-money) account, while 21 percent said they have a bank account.

"Among those without a financial account, the most common barriers cited were lack of money, unemployment, and limited knowledge of how to open an account," the BSP said.

With the survey results, Remolona said the regulator "will continue to broaden access to financial services."

"This will enable more Filipinos to save, manage their expenses, and improve their overall financial health," he added.

The central bank also authorized banks to allocate funds for lending during periods of financial stress through the Positive Neutral Countercyclical Capital Buffer.

"The reform will strengthen the country's financial stability as it enables banks to set aside capital that can be released in bad times to keep credit flowing to households and firms," Remolona said. **PNA**

# FED CHIEF WARSH TAKES OFFICE AMID CRISIS

**WASHINGTON, D.C.** — Kevin Warsh was sworn in as chair of the US Federal Reserve on Friday at a pivotal moment for an American economy where surging gasoline prices due to the Iran war are pushing up inflation and eroding consumer sentiment, potent ingredients for a policy dilemma with political implications.

Warsh, wearing a dark suit and tie and accompanied by his wife, Jane Lauder, heiress to the Estee Lauder fortune, was sworn in by Supreme Court Justice Clarence Thomas after a lengthy introduction by President Donald Trump. The White House's East Room was peppered with top cabinet officials, including Treasury Secretary Scott Bessent, and longtime friends of Warsh, including former Secretary of State Condoleezza Rice.

Trump, who has been incessant in his criticism of former Chair Jerome Powell for not slashing interest rates, said Warsh would have the "full support of my administration" and wanted him to be "fully independent" in his new role, but also urged him to recognize that "growth does not mean inflation."

"We're going to get the rates down," Trump said later at Rockland Community College in Suffern, New York. "Rates are coming down with the energy. You watch what's going to happen. I had a rotten head of the Fed, and now I have a great head of the Fed today, Kevin Warsh."

Calling it the "honor of a lifetime to be called back into public service," Warsh pledged to "lead a reform-oriented Federal Reserve, learning from past successes and mistakes, both escaping static frameworks and models and upholding clear standards of integrity and performance."

Awaiting him is an unfolding boom in AI technology that is reshaping the economy in ways Fed officials say could be profound for workers, companies and consumers, but will be hard for Warsh and his colleagues to assess in real time.

**ROCKY START** Federal Reserve Chairman Kevin Warsh speaks during his swearing-in in the East Room of the White House on May 22, 2026, in Washington. Warsh begins his term as chief of the Federal Reserve at a time when the US economy is looking at inflation and eroding consumer sentiment in addition to the war with Iran that would put his leadership to the test. AP PHOTO

At the same moment, inflation is high and potentially heading higher as the economy copes with shocks including oil driven over $100 a barrel by the US-Israeli war with Iran, high import tariffs, and utility and other costs rising due to the AI rollout.

Underscoring both the political and economic stakes, the University of Michigan's Surveys of Consumers on Friday showed consumer sentiment fell to a record low, with optimism among Republicans and independents dropping to the lowest level of Trump's second term.

"Our mandate at the Fed is to promote price stability and maximum employment," Warsh said. "When we pursue those aims with wisdom and clarity, independence and resolve, inflation can be lower, growth stronger, real take-home pay higher, and America can be more prosperous."

The Fed said late Friday that the central bank's policy-setting Federal Open Market Committee had unanimously selected Warsh as its chairman, a pro forma but critical vote that puts Warsh in charge of the interest-rate setting panel.

## Hard choices

Warsh will be looking over his shoulder from the start of his term as the Fed's 11th chair at a global bond market that has begun bidding up interest rates in a sign of growing inflation concern, at colleagues like Waller who have begun setting expectations that higher rates may be needed, and at Trump, who in the past has viewed rate hikes as a political assault on his economic program and been sharply critical of Powell for not lowering borrowing costs.

Warsh's comments and approach to ongoing disputes surrounding the Fed, including a coming Supreme Court decision on Trump's so far unsuccessful effort to fire Governor Lisa Cook, will also be watched and compared closely to Powell's staunch defense of Fed independence.

The Fed's next meeting is on June 16-17, when policymakers vote on interest rates and a new policy statement, and also submit new economic projections.

One of Warsh's first substantive decisions will be whether to submit a "dot" of where he thinks interest rates will be at the end of this year, and in doing so reveal whether his views are not so different from the colleagues he has slammed for "groupthink," or become an outlier with views that could further confuse markets that are already driving up US long-term interest rates. **REUTERS**

# The financial cost of endless distraction

MONEY TALKS
RIENZIE BIOLENA

MANY Filipinos today live in a far more competitive economic environment than previous generations. Housing costs have risen. Transportation expenses continue increasing. Inflation erodes purchasing power. Interest rates remain higher than they were during the easy-money years following the pandemic. At the same time, artificial intelligence is beginning to disrupt industries across the world.

Despite these growing economic pressures, millions of people are spending more time than ever consuming digital entertainment.

The issue is no longer simply television or video games. Today's distraction economy operates on an entirely different scale. Short-form videos, social media feeds, endless notifications, livestreams, online arguments, algorithm-driven recommendations, and constant digital stimulation now compete aggressively for human attention every hour of the day.

What many people fail to realize is that attention itself has become one of the world's most valuable economic assets.

Large technology companies no longer compete merely for users. They compete for time, engagement, and behavioral dependence. The longer people stay online, the more advertising revenue platforms generate. Algorithms are optimized not necessarily to educate users, but to maximize screen time and emotional engagement.

This creates a dangerous long-term financial consequence.

Many individuals unknowingly spend years consuming content rather than building economically valuable skills. Entertainment itself is not the problem. The real issue emerges when passive consumption consistently replaces productive learning, skill development, financial education, or career advancement.

Over time, that behavioral pattern compounds.

This matters because the future economy may increasingly reward individuals who upgrade themselves. Artificial intelligence, automation, and digital transformation are already reshaping labor markets worldwide. Basic administrative work, repetitive analytical tasks, simple content creation, and even portions of entry-level professional work are becoming increasingly automated.

In such an environment, lifelong learning is no longer optional. It is becoming a survival skill.

The Philippines remains a relatively young country demographically, which gives it a long-term economic advantage. But demographic strength alone does not automatically create prosperity. A young population only becomes an economic asset if workers improve their productivity, adaptability, and skills.

Otherwise, the country risks producing a generation that is highly entertained but financially fragile.

The harsh reality is that future income growth may increasingly favor people who can adapt quickly to changing economic conditions. Employers now seek workers who combine technical capability, communication skills, analytical thinking, digital literacy, and flexibility. Mediocrity may become far more expensive in the future economy.

Ironically, the same technology that distracts millions of people also gives them unprecedented access to knowledge.

A smartphone can either become a distraction or a tool for personal advancement. The same device used for hours of passive scrolling can also provide access to financial education, online certifications, business courses, productivity systems, AI tools, investment research, and global career opportunities.

That may become one of the defining economic divides of the next decade.

Some individuals use technology primarily for entertainment consumption. Others use it for skill acquisition, networking, business development, and self-education. Over time, the gap between those two groups compounds significantly.

This resembles the power of investing.

Small daily habits repeated consistently over many years create massive divergence in outcomes. Just as regular investing compounds financial wealth, continuous learning compounds human capital.

And human capital remains one of the most important assets any individual can own.

In periods of economic uncertainty, human capital often becomes even more valuable than financial capital itself. Markets fluctuate. Businesses experience cycles. Asset prices rise and fall. But individuals who continuously improve their skills usually maintain greater adaptability during economic downturns and structural changes.

This may become especially important as economic disruption accelerates globally.

The rise of artificial intelligence may widen the gap between highly adaptable workers and those who fail to evolve. Some jobs may disappear entirely. Others may require far fewer workers. Meanwhile, entirely new industries and opportunities may emerge for individuals who position themselves early.

The challenge is that adaptation requires focus and discipline. The focus itself is becoming increasingly scarce.

Modern digital platforms are designed to fragment attention. Notifications interrupt concentration. Endless content streams encourage constant switching between topics. Short-form media trains people to consume information rapidly without deep thinking or sustained focus.

Over time, this may quietly weaken one of the most valuable skills in the modern economy: the ability to concentrate deeply on meaningful work. That carries major financial implications.

People who can maintain focus long enough to develop expertise, build businesses, master valuable skills, or make intelligent long-term decisions may hold a significant advantage in the future economy.

This is why the greatest investment many people can still make today may not necessarily be in stocks, crypto, or property.

It may be in themselves, because in an economy flooded with distraction, the ability to learn, think, and focus may quietly become one of the most valuable financial advantages of all.

*Rienzie Biolena is a Registered Financial Planner of RFP Philippines. To learn more about personal financial planning, attend the 116th RFP program this June 2026. Email info@rfp.ph or visit rfp.ph to learn more about the program.*

SHANG PROPERTIES

**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 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 S. NOEL, III**
Corporate Secretary

MT - May 24 & 25, 2026

ACE MEDICAL CENTER TAGUIGAN

**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

DEAR STOCKHOLDERS:

Please be informed that the Annual Stockholders' Meeting of Allied Care Experts (ACE) Medical Center- Taguigan, Inc. ("ACEMC-Taguigan") will be held on June 15, 2026 (Monday) at 5:00 o'clock in the morning, via Zoom Webinar.

For the conduct of the Webinar, please register on or before June 5, 2026, through the following link:

https://us06web.zoom.us/meeting/register/gXrCLlkoSBG7_bhNHdtWWg

Once you have successfully registered, you will receive a confirmation email containing information about the webinar meeting.

The link will provide you the process for the registration. You will receive a confirmation email once you have successfully registered in the platform, including the details and procedures in the conduct of the meeting. Voting will be done via the online tool which you can access once you have logged in to the Webinar; voting in the election of directors may also be done in absentia through the above link.

The meeting shall be recorded (visual and audio) for future reference. The Agenda:

I. Call to Order
II. Invocation
III. Determination of Quorum
IV. Welcome Message
V. Reading and Approval of the Minutes of the Y2025 Annual Stockholders' Meeting
VI. Presentation and Approval of the Y2025 Audited Financial Statements
VII. President's Report
VIII. Ratification of the Acts and Proceedings of the Board of Directors, Officers, and Management of the Corporation for the period July 9, 2025 to June 14, 2026
IX. Election of the Board of Directors for the year 2026-2027
X. Appointment of External Auditor for the year 2026
XI. Other Matters
XII. Adjournment

Only stockholders of record at the close of business on May 15, 2026, Friday, shall be entitled to notice of and to vote at the meeting. If you cannot personally attend the meeting, you may opt to send your proxy to attend in your behalf. Kindly submit your duly executed proxy form with the undersigned, via email, at acemcladobar2015@gmail.com not later than 5:00 p.m. on June 14, 2026, but preferably, on June 8, 2026, to enable your proxy to register in the Zoom Webinar. Attached is a sample proxy form for your reference. [NOTE: Management is not soliciting proxies.]

The Information Statement and Management Report and SEC Form 17-A are available at the Corporation's website at https://acemcladobar.com.

You may contact the undersigned via email at acemcladobar2015@gmail.com through mobile number 09670124954 if you have inquiries/concerns regarding the meeting.

Very truly yours,

**Lalaine G. Veries, MD**
Corporate Secretary

MT - May 23 & 24, 2026

# Shang Properties, Inc. calls for annual stockholders' meeting

May 24, 2026 Resize

SHANG
PROPERTIES

**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 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

MT - May 24 & 25, 2026

# Waste-to energy auction registration starts today

BY ED PAOLO SALTING

**REGISTRATION for a special auction round covering 230 megawatts of thermal combustion waste-to-energy (WtE) capacity will start today, May 25, up to June 16, the Department of Energy (DOE) said over the weekend.**

The auction is part of the government's Green Energy Auction Program (GEAP), which aims to accelerate the adoption of clean power and lower electricity costs through competitive, transparent bidding.

It was launched on Dec. 2025, followed by the publishing of the supplemental terms of reference last April 28.

Thermal combustion WtE technology is a waste-treatment process that burns municipal solid waste at high temperatures with oxygen. This direct combustion converts nonrecyclable trash into steam, which is then used to spin turbines and generate electricity.

WtE facilities will reduce landfill dependency, divert residual municipal waste from disposal sites, mitigate greenhouse gas emissions from waste decomposition, promote sustainable waste management practices while recovering usable energy from nonrecyclable waste streams, and also increase the country's overall energy capacity, the DOE said.

Pre-evaluation and pre-bid conference processes for the auction will be held from June 17 till July 24.

The auction proper will be conducted from July 27 till Aug. 13, followed by the awarding of the winning bidders on Dec. 2 to 4.

Delivery of the projects have been set for Sept. 1, 2028 to March 31, 2029.

# Bangko Sentral raises exposure caps for UITFs

THE Bangko Sentral ng Pilipinas (BSP) has raised the exposure cap for unit investment trust funds (UITFs), allowing fund managers more flexibility amid growing investor appetite for equities.

UITFs pool money from various investors to invest in a diversified portfolio of securities (stocks, bonds or money market instruments) managed by professional fund managers.

Under the revised rules signed by BSP Governor Eli Remolona Jr. following Monetary Board Resolution 388, a UITF's total investment in a single company will still generally be limited to 15 percent of the fund's market value. However, UITFs that invest partly or mostly in exchange-traded stocks may now increase their exposure to one company to as much as 20 percent.

The BSP clarified that any investment beyond the 15-percent limit, up to the 20-percent cap, must be placed only in exchange-traded shares of the same company. This gives stock-focused UITFs more flexibility while still keeping rules that spread investments across different assets.

For equity index-tracking UITFs, the investment limit can go beyond 20 percent if it matches the actual weight of companies in the stock market index being followed. This allows fund managers to copy the index more accurately, even when some companies make up a larger share of the index.

Trust entities (TEs) must closely monitor a UITF's total investments in a company and its related parties, and must have proper systems in place to manage the risks involved, the BSP said.

If these limits are exceeded for any reason, the TE must inform the BSP's supervising department by the next banking or business day after the violation happens.

The notice must be signed by the trust officer or an equivalent official, and should include when the breach happened, what caused it and the steps taken or planned to restore compliance with the exposure limit.

If the breach is caused only by changes in market prices or extraordinary events — such as unusually large withdrawals beyond the trust entity's control — it must be corrected within 30 days from the time the limit was exceeded, the BSP said.

For investor funds, the 30-day period to fix the breach starts on the date the trust entity receives the report showing the fund's net asset value.

"All other breaches shall be acted upon immediately," the BSP said. "Once full compliance is achieved, the TE shall submit a notice to the Bangko Sentral stating that the breach has been corrected."

NIÑA MYKA PAULINE ARCEO

**HEAT BUSTER** Father and son cool down under a misting system, which uses automatic sensors and filtered water, at the Quezon Memorial Circle in Quezon City on May 23, 2026. PNA PHOTO

# PCCI chief sees Pax Silica gains for country

THE country stands to gain from Pax Silica, a United States-led international alliance seeking to secure global technology supply chain, said Philippine Chamber of Commerce and Industry (PCCI) president Ferdinand Ferrer over the weekend.

"It will be, at least for the Philippines, a game-changer [for] commitments and attracting investors," Ferrer told reporters, referring to the 1,619-hectare (4,000-acre) property in New Clark City in Tarlac that will host technology firms, research institutions, and government agencies connected to the Pax Silica network.

It is described as the first artificial intelligence-native industrial acceleration hub under the Pax Silica

➤ Silica B3

■ REGIONAL FROM B1

# APEC

enforcement of intellectual property rights as well as addressing challenges faced by innovators, creators and brand owners.

An impasse at the WTO's 14th Ministerial Conference, meanwhile, was said to have showed the need for meaningful reform to make the organization more responsive. They welcomed the acceptance of the WTO Agreement on Fisheries Subsidies by 17 APEC economies and supported a moratorium on customs duties for electronic transmissions.

With regard to the region's digital economy, the ministers said they looked forward to the continued implementation of the APEC Internet and Digital Economy Roadmap.

They likewise encourage economies to strengthen affordable and resilient digital infrastructure, promote capacity building, accelerate interoperability, address online harms and enhance digital literacy and skills to facilitate digital transformation.

"We will continue our cooperation on facilitating the flow of data across borders, and strengthening business and consumer trust in digital transactions, in addition to ensuring data protection and privacy," they added.

The ministers reaffirmed a commitment to facilitate paperless trade by promoting the cross-border recognition of electronic trade-related documents alongside capacity-building efforts.

In addition, they called for continued efforts to enhance security, accessibility, trustworthiness, and reliability to realize the benefits of artificial intelligence for all.

This includes fostering the adoption of AI in international trade and regional information and communications technology ecosystem development, with a focus on information exchange, cooperation and capacity building.

CHYNNA GRACE ONG

**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of **LFM PROPERTIES CORPORATION** will be conducted virtually through remote communication on **June 17, 2026 at 2 o'clock in the afternoon.**

The Agenda for the Meeting is as follows:

1. Call to Order
2. Certification of Notice and Determination of Quorum
3. Approval of the Minutes of the 2025 Annual Stockholders' Meeting and Minutes of the Special Stockholders' Meeting held on 15 October 2025
4. Annual Report of the President and Chairman of the Board
5. Ratification of all Acts and Proceedings of the Board of Directors
6. Election of Directors
7. Appointment of the External Auditor
8. Other matters
9. Adjournment

Only stockholders as of May 4, 2026 shall be entitled to notice and to vote at the meeting.

The Minutes of the last Annual Stockholders' Meeting and of the Special Stockholders' Meeting, and resolutions of the Board of Directors, will be available for inspection during office hours at the principal office of LFM PROPERTIES CORPORATION.

Given the current circumstances, the annual stockholders' meeting will be held through remote communication. Stockholders who intend to participate by remote communication should notify the Company by email on or before June 10, 2026 at 5:00 p.m. to **LPCcorporatesecretary@picazolaw.com.**

The procedures and requirements for participation in the Annual Meeting through remote communication and for casting votes are provided for in the Information Statement.

Should you be unable to attend the meeting, please accomplish the proxy form attached hereto and return the same to us.

Copies of the Information Statement, Annual Report, and other pertinent documents shall be uploaded to the Company's website as well as the PSE EDGE.

Very truly yours,

MA. ADELINA S. GATDULA
*Corporate Secretary*

MT - May 25 & 26, 2026

■ DELOITTE FROM B1

# Untangling

local taxes, fees and charges unless exemptions are expressly granted by law or by the LGU itself. In contrast, RBEs enjoying the five-percent GIT remain exempt from all local taxes and charges throughout the incentive period.

From a tax administration standpoint, the circular promotes greater predictability and uniformity. Investors have long argued that inconsistent local tax practices undermine the Philippines' competitiveness as an investment destination. A company operating in one city may encounter a vastly different interpretation of local tax rules from another city, even when both enterprises enjoy identical national incentives.

By standardizing the treatment of local taxes for RBEs, the government aims to strengthen investor confidence and minimize disputes between businesses and the LGU.

Nevertheless, the circular also raises legitimate concerns from the perspective of local governments. LGUs rely heavily on local business taxes to finance essential public services, including health care, infrastructure maintenance, waste management and disaster response. Restricting its ability to impose taxes on large enterprises may reduce local revenues, particularly in highly industrialized cities hosting economic zones and export processing areas.

This tension reflects a broader constitutional and policy issue: the need to balance local fiscal autonomy with national economic objectives.

The Local Government Code grants the LGU the authority to generate its own revenue sources and impose taxes within their territorial jurisdictions. At the same time, the national government uses fiscal incentives as a strategic tool to attract investments, create employment opportunities, and stimulate industrial growth. JMC 01 attempts to reconcile these competing interests by clarifying the boundaries of local taxing powers without entirely diminishing the LGU's authority.

The circular likewise reinforces the government's broader ease-of-doing-business agenda. Earlier DILG and DTI issuances had already pushed for streamlined business permit systems, simplified assessments, and more uniform licensing procedures. JMC 01 extends these reforms into the sphere of local taxation.

Still, implementation remains the real challenge.

The Philippines has over 1,700 LGUs, each with its own tax ordinances, fiscal priorities and administrative capacities. Even with national guidelines in place, disputes may persist if local ordinances are not updated or if enforcement practices continue to vary across jurisdictions.

Ultimately, JMC 01 is more than a technical tax issuance. It represents a broader effort to create a more coherent and predictable investment environment by clarifying the interaction between national fiscal incentives and local taxing powers.

For investors, the circular offers much-needed certainty. For LGUs, however, it also serves as a reminder that local fiscal authority operates within the broader framework of national economic policy. The effectiveness of the circular will depend not only on the clarity of its language, but also on whether local governments will implement its provisions fairly, consistently, and in good faith.

*Maricel Alisuag is a director with the Tax & Legal practice of Deloitte Philippines, a member firm of the Deloitte network.*

SHANG

**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 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.shangpropertiesinc.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

MT - May 24 & 25, 2026

# Shang Properties, Inc. calls for annual stockholders' meeting

May 25, 2026 Resize

SHANG
PROPERTIES

**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 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.

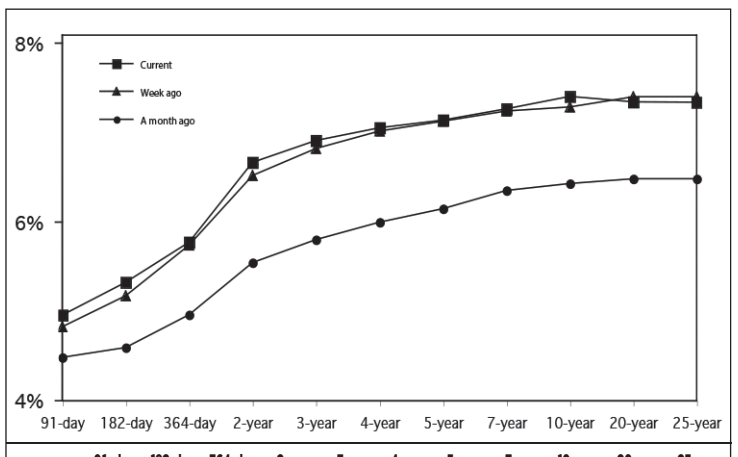
**BY ORDER OF THE BOARD OF DIRECTORS**
**OF SHANG PROPERTIES, INC.**

**FEDERICO G. NOEL, JR.**
Corporate Secretary

MT - May 24 & 25, 2026

## GOVERNMENT SECURITIES YIELD CURVE

Source: PDEx
FRIDAY, MAY 22, 2026




| | 91-day | 182-day | 364-day | 2-year | 3-year | 4-year | 5-year | 7-year | 10-year | 20-year | 25-year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Current | 5.0563 | 5.4593 | 5.9534 | 6.9359 | 7.2020 | 7.3598 | 7.4540 | 7.5950 | 7.7461 | 7.6806 | 7.6766 |
| Week ago | 4.9111 | 5.2914 | 5.9140 | 6.7713 | 7.1036 | 7.3194 | 7.4427 | 7.5666 | 7.6151 | 7.7440 | 7.7440 |
| Month ago | 4.5353 | 4.6561 | 5.0571 | 5.7004 | 5.9843 | 6.1979 | 6.3643 | 6.5897 | 6.6745 | 6.7323 | 6.7301 |

**Yields,**
*from S2/1*

"Recent developments regarding possible closing of a deal between US and Iran provided some optimism in the global markets, where US Treasury yields declined by 3-10 bps. This, however, did not translate to the local fixed income market, as rising inflation, weak peso performance, and hawkish signals from the Bangko Sentral ng Pilipinas (BSP) continue to fuel risk-off sentiment," Reginald Carl R. Reyes, head of fixed income at Security Bank Corp., said in an e-mail.

He added that the Bureau of the Treasury's (BTr) move to reject all bids for the reissued bonds it auctioned off last week helped cap the rise in yields.

BSP Governor Eli M. Remolona, Jr. said they are considering more aggressive policy action, including an off-cycle rate hike, to help curb spiraling prices as the Middle East conflict continues to stoke inflation.

He said in an exclusive interview on One News' *Money Talks with Cathy Yang* on Thursday that the Monetary Board (MB) is considering a second straight hike, possibly even before their scheduled June 18 meeting, adding that more decisive action is needed to respond to the "big" and "persistent" supply shock posed by the war so that they would not fall behind the curve.

The BSP on April 23 delivered its first increase in over two years, raising benchmark borrowing costs by 25 bps to bring the policy rate to 4.5%.

Inflation has breached the BSP's 2%-4% target and monthly forecasts since the war erupted in late February. In April, rising costs of food and utilities amid elevated oil prices drove the headline print to an over three-year high of 7.2% from 4.1% in March. This was past the central bank's 5.6%-6.4% forecast for the month.

Mr. Remolona said the May inflation report would be a key data point for their next policy move.

Meanwhile, the peso last week sank to a new historic low of P61.75 versus the dollar. On Friday, it closed at P61.69.

For this week, Ms. Araullo said GS yields could continue to see upward pressure.

"(T)he upcoming 10-year auction is likely to attract better demand compared to recent issuances, as current levels begin to offer more compelling value. This could provide some near-term support to the market, along with a modest tightening in bid-offer spreads," she said.

"While the US GDP (gross domestic product) print will be monitored, market focus is likely to remain on developments surrounding the US-Iran situation, particularly any signs of de-escalation. In addition, the BSP has signaled the possibility of an off-cycle rate hike, which will be a key risk factor to watch," Ms. Araullo said. — **Lourdes O. Pilar**

# Peso may stay rangebound as markets await ME breakthrough

THE PESO could continue to move sideways versus the dollar this week as the Middle East (ME) situation remains uncertain despite signals of a "largely negotiated" deal between the United States and Iran that could reopen the Strait of Hormuz.

On Friday, the local unit declined by 10.9 centavos to close at P61.69 against the greenback from P61.581 on Thursday.

Week on week, the peso inched up by 3.1 centavos from its P61.721 finish on May 15. This is even as it closed at a new record low of P61.75 versus the dollar on May 18 and 19.

The peso weakened on Friday after trading within a narrow range as the market remained cautious due to fresh policy signals from the Bangko Sentral ng Pilipinas (BSP), a trader said by phone.

"There's uncertainty as to whether there will be an off-cycle hike or if they will wait for... inflation [data]," the trader said.

The lack of progress in the US-Iran negotiations also kept the pair trading sideways on Friday, the trader added.

In an interview on One News' *Money Talks with Cathy Yang* on Thursday, BSP Governor Eli M. Remolona, Jr. said the Monetary Board is considering a second straight rate hike, maybe even before its scheduled June 18 meeting, as persistent shocks from the Middle East conflict continue to feed into domestic consumer prices.

However, he said that they may also wait until the May inflation report comes out on June 5.

On April 23, the Monetary Board raised its policy rate by 25 basis points to 4.5%, marking its first tightening move since October 2023, with the BSP chief signaling more "modest" rate hikes ahead as they expect the war to push headline inflation past their target until next year.

The peso was relatively stable against the greenback on Friday due to potential intervention from the central bank that prevented it from weakening past the P61.70 level again, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

For this week, the trader said the peso could stay weak despite the BSP's hawkish rhetoric amid safe-haven demand for the dollar and higher oil prices, adding that the currency could move between P61.45 and P61.75 against the greenback, depending on developments in the Middle East. — **A.M.C. Sy**

**T-bill,**
*from S2/1*

The BSP on April 23 delivered its first rate increase in over two years, raising benchmark borrowing costs by 25 bps to bring the policy rate to 4.5%.

Inflation has breached the BSP's 2%-4% target since the war began in late February. In April, rising costs of food and utilities amid elevated oil prices drove the headline print to an over three-year high of 7.2% from 4.1% in March.

Last week, BTr raised only P25.41 billion via the T-bills it auctioned off, below the P30-billion plan, even as total tenders reached P40.68 billion.

Broken down, the Treasury borrowed P13 billion via the 91-day T-bills, higher than the original P10-billion plan, as demand reached P19.87 billion. The three-month paper fetched an average rate of 5.074%, increasing by 22.4 bps from the previous week. Bids accepted had yields ranging from 4.915 to 5.173%.

Meanwhile, the government raised just P8.6 billion via 182-day debt, below the P10-billion offering, even as tenders reached P15.15 billion. The average rate of the six-month T-bill was at 5.894%, surging by 62.4 bps from the last auction. Tenders awarded carried rates from 5.59% to 6%.

For the 364-day securities, the BTr awarded only P3.81 billion, lower than the P10 billion on offer, as the tenor drew just P5.66 billion in demand. The one-year paper fetched an average yield of 6.037%, rising by 31.8 bps week on week. Accepted bids had rates from 5.925% to 6.1%.

Meanwhile, the reissued seven-year bond to be auctioned on Tuesday was last offered on April 28, where the government raised P20 billion as planned at an average rate of 6.741%, higher than the 6.375% coupon rate.

For the 10-year debt, the government last raised just P5.02 billion via the bonds at the same auction held on April 28, below its P20-billion target as the average rate reached 6.857%, well above the 5.925% coupon.

The BTr wants to raise P268 billion from the domestic market this month, or P128 billion via T-bills and P140 billion through T-bonds.

The government borrows from local and foreign sources to help fund its budget deficit, which is capped at P1.61 trillion or 5.3% of gross domestic product this year. — **Aaron Michael C. Sy**

SHANG
PROPERTIES

**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
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7) Election of External Auditors
8) Other Matters
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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

## BSP REFERENCE RATES

FRIDAY, MAY 22, 2026

| Currency | 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 |
|---|---|---|---|---|---|---|
| **Convertible currencies with BSP** | | | | | | |
| US dollar | 1.000000 | 1.000000 | 61.6160 | 0.016230 | 0.860585 | 1.162000 |
| Japanese yen | 0.006291 | 158.957241 | 0.3876 | 2.579979 | 0.005414 | 184.706317 |
| UK pound | 1.343800 | 0.744158 | 82.7996 | 0.012077 | 1.156454 | 0.864712 |
| Hongkong dollar | 0.127650 | 7.833921 | 7.8653 | 0.127141 | 0.109854 | 9.102991 |
| Swiss franc | 1.272265 | 0.786000 | 78.3919 | 0.012756 | 1.094892 | 0.913332 |
| Canadian dollar | 0.725847 | 1.377701 | 44.7238 | 0.022359 | 0.624653 | 1.600889 |
| Singapore dollar | 0.782840 | 1.277400 | 48.2355 | 0.020732 | 0.673701 | 1.484338 |
| Australian dollar | 0.714900 | 1.398797 | 44.0493 | 0.022702 | 0.615232 | 1.625403 |
| Bahrain dinar * | 2.653224 | 0.376900 | 163.4810 | 0.006117 | 2.283325 | 0.437958 |
| Kuwait dinar | N/A | N/A | N/A | N/A | N/A | N/A |
| Saudi Arabia rial | 0.266482 | 3.752599 | 16.4196 | 0.060903 | 0.229330 | 4.360528 |
| Brunei dollar | 0.779788 | 1.282400 | 48.0474 | 0.020813 | 0.671074 | 1.490149 |
| Indonesia rupiah | 0.000057 | 17543.8596 | 0.0035 | 285.714286 | 0.000049 | 20408.163265 |
| Thailand baht **** | 0.030675 | 32.599837 | 1.8901 | 0.529073 | 0.026398 | 37.881658 |
| U. A. E. Dirham | 0.272287 | 3.672595 | 16.7772 | 0.059605 | 0.234326 | 4.267559 |
| E.M.U. euro | 1.162000 | 0.860585 | 71.5978 | 0.013967 | 1.000000 | 1.000000 |
| South Korea won | 0.000663 | 1508.295626 | 0.0409 | 24.449878 | 0.000571 | 1751.313485 |
| China yuan ** | 0.147145 | 6.796018 | 9.0665 | 0.110296 | 0.126631 | 7.896960 |
| **Others (Not Convertible with BSP)** | | | | | | |
| Argentina peso | 0.000720 | 1388.888889 | 0.0444 | 22.522523 | 0.000620 | 1612.903226 |
| Brazil real | 0.199780 | 5.005506 | 12.3096 | 0.081237 | 0.171928 | 5.816388 |
| Denmark kroner | 0.155506 | 6.430620 | 9.5817 | 0.104366 | 0.133826 | 7.472390 |
| India rupee | 0.010395 | 96.200096 | 0.6405 | 1.561280 | 0.008946 | 111.781802 |
| Malaysia ringgit | 0.252525 | 3.960004 | 15.5596 | 0.064269 | 0.217319 | 4.601530 |
| Mexico new peso | 0.057807 | 17.298943 | 3.5618 | 0.280757 | 0.049748 | 20.101311 |
| New Zealand dollar | 0.587100 | 1.703287 | 36.1748 | 0.027644 | 0.505250 | 1.979218 |
| Norway kroner | 0.108441 | 9.221604 | 6.6817 | 0.149663 | 0.093323 | 10.715472 |
| Pakistan rupee | 0.003595 | 278.164117 | 0.2215 | 4.514673 | 0.003094 | 323.206206 |
| South African rand | 0.060809 | 16.444934 | 3.7468 | 0.266894 | 0.052331 | 19.109132 |
| Sweden kroner | 0.107189 | 9.329316 | 6.6046 | 0.151410 | 0.092245 | 10.840696 |
| Syria pound | 0.009050 | 110.497238 | 0.5576 | 1.793400 | 0.007788 | 128.402671 |
| Taiwan dollar | 0.031690 | 31.555696 | 1.9526 | 0.512138 | 0.027272 | 36.667644 |
| Venezuela bolivar *** | 0.001903 | 525.486075 | 0.1173 | 8.525149 | 0.001638 | 610.500611 |

**SDR Rate = $1.36671/SDR** **GOLD Buying: $4,531.00** **SILVER Buying: $76.40**

* Various banks in Bahrain as quoted in Reuters' Screen
** Asian Time Closing Rate as of May 21, 2026
*** Effective 01 October 2021, Venezuela has removed six zeros from their official exchange rate (e.g. 0.000004 bolivars per dollar to 0.162215 bolivars per dollar)
****THB On-shore price

BW
NEWS ONLINE
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x.com/bworldph

## PESO CROSS RATES

Source: BSP
FRIDAY, MAY 22, 2026

| one unit of currency | Phil peso | Aussie dollar | Bahrain dinar | Canadian dollar | HKong dollar | Japan yen | Saudi rial | S'pore dollar | Swiss franc | UK pound | US dollar | EMU euro |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Philippines** | 1.0000 | 0.0227 | 0.0061 | 0.0224 | 0.1271 | 2.5800 | 0.0609 | 0.0207 | 0.0128 | 0.0121 | 0.0162 | 0.0140 |
| **Australia** | 44.0493 | 1.0000 | 0.2694 | 0.9849 | 5.6005 | 113.6463 | 2.6827 | 0.9132 | 0.5619 | 0.5320 | 0.7149 | 0.6152 |
| **Bahrain** | 163.4810 | 3.7113 | 1.0000 | 3.6553 | 20.7851 | 421.7776 | 9.9565 | 3.3892 | 2.0854 | 1.9744 | 2.6532 | 2.2833 |
| **Canada** | 44.7238 | 1.0153 | 0.2736 | 1.0000 | 5.6862 | 115.3865 | 2.7238 | 0.9272 | 0.5705 | 0.5401 | 0.7258 | 0.6247 |
| **Hong Kong** | 7.8653 | 0.1786 | 0.0481 | 0.1759 | 1.0000 | 20.2923 | 0.4790 | 0.1631 | 0.1003 | 0.0950 | 0.1277 | 0.1099 |
| **Japan** | 0.3876 | 0.0088 | 0.0024 | 0.0087 | 0.0493 | 1.0000 | 0.0236 | 0.0080 | 0.0049 | 0.0047 | 0.0063 | 0.0054 |
| **Saudi Arabia** | 16.4196 | 0.3728 | 0.1004 | 0.3671 | 2.0876 | 42.3622 | 1.0000 | 0.3404 | 0.2095 | 0.1983 | 0.2665 | 0.2293 |
| **Singapore** | 48.2355 | 1.0950 | 0.2951 | 1.0785 | 6.1327 | 124.4466 | 2.9377 | 1.0000 | 0.6153 | 0.5826 | 0.7828 | 0.6737 |
| **Switzerland** | 78.3919 | 1.7796 | 0.4795 | 1.7528 | 9.9668 | 202.2495 | 4.7743 | 1.6252 | 1.0000 | 0.9468 | 1.2723 | 1.0949 |
| **United Kingdom** | 82.7996 | 1.8797 | 0.5065 | 1.8514 | 10.5272 | 213.6213 | 5.0427 | 1.7166 | 1.0562 | 1.0000 | 1.3438 | 1.1565 |
| **United States** | 61.6160 | 1.3988 | 0.3769 | 1.3777 | 7.8339 | 158.9680 | 3.7526 | 1.2774 | 0.7860 | 0.7442 | 1.0000 | 0.8606 |
| **EMU** | 71.5978 | 1.6254 | 0.4380 | 1.6009 | 9.1030 | 184.7208 | 4.3605 | 1.4843 | 0.9133 | 0.8647 | 1.1620 | 1.0000 |

NAT Re
NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
## JUNE 24, 2026 / 2:00 P.M.

**DEAR STOCKHOLDERS:**

Please be advised that the Annual Meeting of Stockholders of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** (the "**Company**") will be held on June 24, 2026, Wednesday, at 2:00 p.m., at the Carlos P. Romulo Auditorium, 4F, Tower II, RCBC Plaza, 6819 Ayala Avenue, cor. Gil Puyat Avenue, Makati City, with the following agenda:

1. Call to Order
2. Proof of Notice of Meeting and Certification of Quorum
3. Approval of Minutes of Previous Stockholders' Meeting held on June 25, 2025
4. Management Report for the Year Ended December 31, 2025
5. Ratification of All Acts of the Board of Directors and Officers during the Preceding Year
6. Appointment of Independent Auditors
7. Election of Directors
8. Other Matters
9. Adjournment

Only stockholders of record at the close of business on May 11, 2026 are entitled to notice of, to attend, and to participate in this year's Annual Meeting of the Stockholders. Stockholders who are unable to attend the Annual Meeting in person may execute a proxy or vote in absentia.

***Proxy***

Proxies must be submitted and addressed to the attention of the Corporate Secretary at the 31st Floor BPI AIA Makati, 6811 Ayala Avenue, Makati City, Philippines or via email at asm@nat-re.com not later than 3:00 p.m. on or before June 11, 2026.

A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the proxy. Validation of proxies shall be held on June 19, 2026, at 2:00 p.m. at the principal office of the Corporation.

***Voting in Absentia***

Stockholders who intend to vote in absentia must submit the requirements by email at asm@nat-re.com or at the registration portal. Please refer to this link for the list of requirements - https://www.nat-re.com/investor-relations/annual-stockholders-meeting/#rvj.

The link for the online voting facility will be emailed to the concerned stockholders after the Company has validated the submitted requirements. Stockholders may cast their votes in absentia from May 27, 2026, until 12:00 p.m. of June 24, 2026.

***On-site Registration***

To avoid any inconvenience in registering your attendance at the meeting, you or your duly designated proxy, are required to bring this Notice, and any identification documents containing a photograph and signature, such as a passport, driver's license, or any government-issued identification. Registration starts at exactly 1:00 p.m. and will close at 2:00 p.m. on June 24, 2026.

Copies of the Notice of the Meeting, Definitive Information Statement, and other related documents in connection with the annual meeting may be accessed through the company's website and through the PSE Edge portal at https://edge.pse.com.ph.

For any concerns, please reach us through asm@nat-re.com.

For complete information on the Company's annual meeting, please visit www.nat-re.com/investor-relations/annual-stockholders-meeting.

May 25, 2026, Makati City, Metro Manila.

Access to Notice of Meeting, Agenda Items and Explanation of Agenda Items, Proxy Form, Sample Secretary Certificate, Definitive Information Statement, Management Report, Financial Statements, SEC Form 17A and Minutes of Stockholders' Meeting dated June 25, 2025 can be downloaded by scanning the QR code provided herewith.

Likewise, you may also download it from the Company's website by clicking this link https://www.nat-re.com/investor-relations/annual-stockholders-meeting/#files.

Electronic copies of the same documents are also available at the PSE Edge.

For the Board of Directors,

(ORIGINAL SIGNED)
**MA. PILAR M. PILARES-GUTIERREZ**
Corporate Secretary

SPOTLIGHT

# Shang Properties, Inc. to hold Annual Stockholders' Meeting on June 22

May 25, 2026 | 12:02 am

SHANG
PROPERTIES

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**OF**
**SHANG PROPERTIES, INC.**
**To be held on 22 June 2026 at 10:00 A.M.**

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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

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

**The following document has been received:**

**Receiving:** DONNA ENCARNADO
**Receipt Date and Time:** March 19, 2026 04:09:35 PM

## Company Information

**SEC Registration No.:** 0000145490
**Company Name:** SHANG PROPERTIES, INC.
**Industry Classification:** K70120
**Company Type:** Stock Corporation

## Document Information

**Document ID:** OST10319202684001398
**Document Type:** Current Report
**Document Code:** SEC_Form_17-C
**Period Covered:** March 18, 2026
**Submission Type:** Original Filing
**Remarks:** None

Acceptance of this document is subject to review of forms and contents

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 11**
**OF THE REVISED SECURITIES ACT (RSA)**
**AND RSA RULE 11(a)-1(b)(3) THEREUNDER**

1. 18 March 2026
Date of Report (Date of earliest event reported)

2. SEC Identification Number: 145490 3. BIR Tax Identification No.: 000-144-386

4. **SHANG PROPERTIES, INC.**
Exact name of Issuer as specified in its charter

5. Philippines 6. (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization
Industry Classification Code

7. Unit 506, 5th Level Shangri-La Plaza Mall
EDSA corner Shaw Boulevard, Mandaluyong City 1550
Address of principal office Postal Code

8. (632) 8370-2700
Registrant's telephone number, including area code

9. The Registrant has not changed its principal address or fiscal year since its last report to this Honorable Commission.
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding |
|---|---|
| Common Stock | **4,764,056,287** common shares (* not included are the Issuer's 2,695 treasury shares) |

11. Indicate the item numbers reported herein.

During the Regular Meeting of the Board of Directors held on 18 March 2026, the following matters were taken up:

**Item No. 9**

**i) DECLARATION OF CASH DIVIDENDS**

The declaration of **₱0.1191** per share cash dividend to all shareholders of record as of **6 April 2026**, to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2025, to be paid on or before 21 April 2026.

**ii) APPROVAL OF YEAREND RESULTS**

Passed resolutions to approve the audited financial statements of the Issuer for the year ended 31 December 2025.

## SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SHANG PROPERTIES, INC.**
Issuer

**FEDERICO G. NOEL, JR.**
Corporate Secretary

Date: 18 March 2026

## 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 Licoveo | Filstar | uncle |
| Alexandra Romos-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 30 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. 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, **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 (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 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

## 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.

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this MAY 13 2026 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.

Doc. No. 62;
Page No. 14;
Book No. VII;
Series of 2026.

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

# P R O X Y

KNOW ALL MEN BY THESE PRESENTS:

That I, the undersigned, a stockholder of **SHANG PROPERTIES, INC.,** a Philippine corporation, do hereby nominate, constitute and appoint:

_____

as my attorney-in-fact/proxy to represent me and vote _____ (___) share registered in my name on the books of the said Corporation or owned by me, at the Annual Meeting of the stockholders of said Corporation to be held on **22 June 2026** and any adjournment or adjournments thereof, as fully and to all intents and purposes as I might or could do if present and voting in person, hereby ratifying and confirming any and all action taken on matters which may properly come before any meeting or adjournments thereof.

Hereunder are the matters to be take up during the meeting on 22 June 2026. Indicate your proposed selection by placing an "✓" in the appropriate space.

| | | | |
|---|---|---|---|
| I. Approval of the minutes of the Annual General Meeting held on 17 June 2025. | | | |
| II. Ratification of Acts of Management and the Board of Directors for the year 2025-2026. | | | |
| III. Election of Directors of the Corporation | **For** | **Against** | **Abstain** |
| a. Edward Kuok Khoon Loong | | | |
| b. Maureen Alexandra R. Padilla | | | |
| c. Benjamin Ivan S. Ramos | | | |
| d. Antonio O. Cojuangco | | | |
| e. Cynthia R. del Castillo | | | |
| f. Maximo G. Licauco III | | | |
| g. Wolfgang Krueger | | | |
| h. Cheng Wai Sin | | | |
| i. Maria Rochell S. Diaz | | | |
| j. Karlo Marco P. Estavillo | | | |
| Independent Directors | | | |
| a. Maximo G. Licauco III | | | |
| b. Antonio O. Cojuangco | | | |
| c. Benjamin Ivan S. Ramos | | | |
| IV. Appointment of PwC Isla Lipana & Co. as Auditor for the ensuing fiscal year. | | | |

This Proxy shall be valid only for the above stated meeting and any adjournment thereof, unless sooner withdrawn by me through notice in writing delivered to the Corporate Secretary of the Corporation. In case I shall be present at any particular meeting or shall have given my proxy to another to represent me thereat, this proxy shall stand suspended during said meeting but shall be again effective and in full force after the adjournment thereof.

Date: _____

Witness: _____

**MINUTES OF THE ANNUAL MEETING**
**OF THE STOCKHOLDERS OF**

**SHANG PROPERTIES, INC.**

*Held at Edsa Shangri-La Hotel and*
*via video conference*
*On 17 June 2025 at 10:00 AM.*

**Attendance:**

**3,729,865,162** shares or **78.292%** of the outstanding capital stock of the Corporation entitled to vote.

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1. **Call to Order**

The Chairman of the Meeting, Mr. Maximo G. Licauco III, called the meeting to order and presided over the same. The Corporate Secretary, Mr. Federico G. Noel, Jr., recorded the minutes of the proceedings.

2. **Certification of Notice and Quorum**

As the first order of business, the Chairman called upon the Secretary to present proof that notice of the meeting had been sent out to all concerned stockholders 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.

The Secretary reported that Rizal Commercial Banking Corporation, the Transfer Agent of the Corporation, has provided proof of delivery of notices of the meeting. The notices were sent, posted at the Corporation's official website, and disclosed at the PSE Edge, where all the stockholders of record may access copy of the Information Statement, Management Report and the Annual Report.

The Secretary next reported that there were present in person via video conference or by proxy stockholders representing at least **3,729,865,162** shares or **78.292%** of the outstanding capital stock of the Corporation entitled to vote. Based on the foregoing, the Secretary declared that there was a quorum for the business at hand.

There being no questions on the Secretary's certification, the Chairman declared the existence of a quorum.

3. **Approval of the Minutes of the Annual Meeting of the Stockholders held on 18 June 2024**

The Secretary informed the Chairman that copies of the Minutes of the Annual Meeting of the Stockholders held on June 17, 2024, as it appears of record in the Minutes Book of the Corporation. The notices were sent, posted at the Corporation's official website, and disclosed at the PSE Edge, where all the stockholders of record may access copy of the Information Statement, Management Report and the Annual Report. Thereafter, the Chairman submitted the Minutes for the consideration and approval of the stockholders.

Upon motions duly made and seconded, the following resolution was passed and approved:

DRAFT

**STOCKHOLDERS' RESOLUTION NO. 25-01**

"RESOLVED, that the minutes of the annual meeting of the stockholders of Shang Properties, Inc. (the "Corporation") held on 18 June 2024 as it appears recorded in the Minutes Book of the Corporation be approved, confirmed and ratified".

4. **Report of Management**

The Chairman informed the shareholders that the report of Management for the year ended 31 December 2024 is incorporated in the Annual Report earlier distributed to shareholders of record together with the audited financial statements of the Corporation for the year ended 31 December 2024. The Chairman then asked if there are any questions and/or clarifications from the shareholders in respect of the Corporation's Annual Report for the year ended 31 December 2024.

Upon a motion duly made and seconded, the following resolution was passed and approved:

**STOCKHOLDERS' RESOLUTION NO. 25-02**

"RESOLVED, that the Annual Report of Shang Properties, Inc. (the 'Corporation') for the calendar year ended 31 December 2024, together with the financial statements of the Corporation, inclusive of the Consolidated Balance Sheet, Consolidated Statement of Income and Retained Earnings and Consolidated Statement of Cash Flows as of 31 December 2024 as audited by the Corporation's independent auditor PriceWaterhouseCoopers, Philippines, be, and the same are hereby noted and approved".

5. **Ratification of the Acts and Resolutions of the Board of Directors and Management**

The Chairman submitted for consideration and ratification of stockholders all acts and/or resolutions of the Board of Directors and Management of the Corporation for the last fiscal year up to the present stockholders' meeting.

Upon motions duly made and seconded, the stockholders unanimously approved the following resolutions:

**STOCKHOLDERS' RESOLUTION NO. 25-03**

"RESOLVED, that the minutes of the meetings of the Board of Directors of Shang Properties, Inc. (the "Corporation") since the last annual meeting of the stockholders held on 18 June 2024 up to the present stockholders' meeting as presented at this meeting, be, and the same are hereby, in all respects approved, ratified, and confirmed.

RESOLVED, FURTHER, that all contracts, acts, proceedings, elections, and appointments heretofore made or taken by the Board of Directors and/or officers of the Company as set forth in the minutes of the meeting of the Board of Directors, and all acts and proceedings performed or taken pursuant thereto be, and the same hereby are, in all respects, approved, ratified, and confirmed."

DRAFT

6. **Election of Directors for the year 2025-2026**

Upon nominations duly made and seconded, the following were unanimously elected directors of the Corporation for the year 2024-2025 to serve as such until their successors shall have been duly elected and qualified, to wit:

1) Edward Kuok Khoon Loong
2) Maximo G. Licauco III
3) Benjamín Ivan S. Ramos
4) Antonio O. Cojuangco
5) Cynthia R. Del Castillo
6) Maureen Alexandra R. Padilla
7) Wolfgang Krueger
8) Karlo Marco P. Estavillo
9) Cheng Wai Sin
10) Maria Rochelle S. Diaz

7. **Appointment of External Auditor**

Upon motion duly made and seconded, the stockholders approved the appointment of PricewaterhouseCoopers Philippines as the external auditors of the Corporation.

8. **Question and Answer**

The Chairman invited the stockholders present to pose their questions as the Board is ready to entertain them before the meeting is adjourned.

9. **Adjournment**

There being no further business to transact, the meeting was thereupon adjourned.

**ATTESTED:**

**MAXIMO G. LICAUCO III**
Chairman of the Meeting

**FEDERICO G. NOEL, JR.**
Secretary of the Meeting

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