COVER SHEET

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SEC Registration Number

STA. LUCIA LAND, INC. AND SUBSIDIARIES

(Company's Full Name)

Penthouse, Bldg. 3, Sta. Lucia East Grand Mall, Marcos Highway corner Imelda Avenue, Cainta, Rizal

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

David M. Dela Cruz

(Contact Person)

681-7332

(Company Telephone Number)

2015

1 2 **3 1**

Month *Day*

(Fiscal Year)

1 7 - A

(Form Type)

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Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

265

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC Number: 031-050
File Number: ________

STA. LUCIA LAND, INC. AND SUBSIDIARIES

(Company's Full Name)

Penthouse Building 3, Sta. Lucia East Grand Mall,
Marcos Highway Cor. Imelda Ave., Cainta Rizal

(Company Address)

(632) 681-7332

(Telephone Number)

December 31, 2015

(Year Ending)

Annual Report – SEC Form 17-A

(Form Type)

(Amendments)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

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

1. For the fiscal year ended December 31, 2015

2. Commission identification number 31050 3. BIR Tax Identification No. 000-152-291-000

4. Exact name of issuer as specified in its charter **STA. LUCIA LAND, INC.**

5. Province, country or other jurisdiction of incorporation or organization **Republic of the Philippines**

6. Industry Classification Code: ______ (SEC Use Only)

7. Address of issuer's principal office and Postal Code **Penthouse, Bldg. III, Sta. Lucia East Grand Mall, Marcos Highway cor. Imelda Ave., Cainta, Rizal 1900**

8. Issuer's telephone number, including area code **(02) 681-73-32**

9. Former name, former address and former fiscal year, if changed since last report Z**IPPORAH MINING & INDUSTRIAL CORPORATION, 6th Flr., Sagittarius Bldg., H.V. de la Costa St, Salcedo Village, Makati City**

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

Title of each class	Number of shares of common Stock outstanding
Common	**8,946,450,000**

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 Common Stock

12. Indicate by check mark whether the Registrant:

(a) has filed all reports required to be filed by Section 17 of the Code 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 [ ]

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PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1: BUSINESS

Overview

Sta. Lucia Land, Inc. (the Registrant, the Company, or SLI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 6, 1966 under the name Zipporah Mining and Industrial Corporation to engage in mining. On September 14, 1987, the Parent Company launched its Initial Public Offering where a total of 20,000,000 common shares were offered at an offering price of Php1.00 per share. On September 14, 1987, the Company launched its Initial Public Offering where a total of 20,000,000 common shares were offered at an offering price of Php1.00 per share. Subject to a restructuring program, the BOD of the Company approved on November 22, 1995 the offering of up to 1,000,000,000 shares of stock out of the increase in the authorized capital stock from Php50.00 million to Php2,000.00 million at a par value of Php1.00, to a group of investors led by Sta. Lucia Realty & Development, Inc. (SLRDI). This was subsequently approved and ratified by the stockholders in a Special Stockholders' Meeting on December 18, 1995. On December 18, 1995, the stockholders of the Company approved a number of changes in the corporate structure as part of its diversification scheme. These were:

1. The change of its name to Zipporah Realty Holdings, Inc.;
2. The increase in the number of directors from nine to 11;
3. The waiver of the pre-emptive rights over the future issuances of shares;
4. The change in the primary and secondary purposes, transposing the original primary purpose to secondary purpose from being a mining firm to a real estate company, the primary purpose of which is to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop and hold for investment or otherwise, real estate of all kinds, improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances.
5. The change in the par value of its shares from Php0.01 to Php1.00; and
6. The increase in its authorized capital stock to Php2,000.00 million.

The first four changes were approved by the SEC on August 14, 1996 while the last two corporate acts were approved on January 22, 1997.

On June 15, 2007, the BOD approved the following resolutions and was ratified by the stockholders on July 16, 2007:

1. Change in Corporate name to Sta. Lucia Land, Inc.
2. Increase in authorized capital stock of the Company from Php2,000.00 million divided into 2,000,000,000 shares to Php16,0000.00 million divided into 16,000,000,000 shares or an increase of Php14,000.00 million with a par value of Php1.00 per share.
3. Subscription of SLRDI of up to 10,000,000,000 shares out of the increase in the Company's authorized capital stock; and
4. SLRDI's subscription to such shares shall be at par value, and the consideration for which shall be the assignment and transfer by SLRDI to the Company of assets acceptable to the Company at a reasonable discount on the fair market value of such assets. The fair value market value was determined by independent professionally qualified appraisers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and knowledgeable, willing seller in an arm's length transaction at the date of valuation.

The above resolutions were ratified by the Company's shareholders on July 16, 2007.

a) On December 8, 2007, the Company and the SLRDI executed various deeds of assignment wherein SLRDI assigned all its rights, title and interest to certain properties consisting of investment properties (Sta. Lucia East Grand Mall) amounting to Php4,710.00 million and certain parcels of land amounting to Php6,018.50 million and assumption of mortgage in the investment properties of Php723.60 million. The investments of the SLRDI through the said assignment of various properties, net of mortgage assumed, were recognized as additional outstanding shares of Php10,000.00 million.

The Company is listed on the PSE under the ticker "SLI".

In 2013, the Company decided to establish two (2) wholly-owned subsidiaries, Sta. Lucia Homes, Inc. and Santalucia Ventures, Inc., to handle housing construction and the marketing, operation and development of the Company's projects, respectively.

On July 08, 2014, the Company and the SLRDI executed a deed of assignment of shares of stock wherein the parties agreed as follows:

1. The previous assignment by SLRDI of Saddle and Clubs Leisure Park is rescinded.
2. SLRDI transfers 3,000 million shares of the Company in favor of the latter as full payment for the Php1,801.11 million advances to the former.

In 2014, 2,250 million shares covering Php900.00 million of advances were issued back by SLRDI to the Company and formed part of the Company's treasury shares. This decreased the outstanding shares of the Parent Company from 10,796.45 million in 2013 to 8,546.45 million in 2014.

On December 22, 2015, the Company sold 400 million shares which increased the outstanding shares to 8,946.45 million in 2015.

As of December 31, 2015, the Company is 83.28% owned by SLRDI.

Business

The Company has been able to establish a track record in horizontal residential developments, where the Company has historically derived a substantial portion of its revenues. The Company has continued to expand its horizontal developments which continue to be its core business and begun to diversify into vertical developments, housing construction, and marketing services. In line with its strategy of increasing recurring income, the Company has also begun to expand its mall operations through the opening of its expansion mall in 2014 and conversion of some of its portfolio of commercial lots for sale into commercial lots for lease.
The Company conducts its business via the following main operating segments, further broken down as follows:

1. Residential Projects

a. Horizontal Developments

i. Residential Lots

These projects consist of residential lots for sale in gated subdivisions complete with facilities and amenities. The Company begins developing identified land for marketing and selling to customers. These projects involve minimal construction works. Typical features developed by the Company for these residential communities include an entrance gate, guard house, landscaped entry statement, community clubhouse, basketball court, swimming pool, wide concrete road network, paved sidewalks with concrete curbs and gutters, centralized interrelated water system, underground drainage system, and electric system. Average selling prices per unit ranges from Php480,000 to Php5,350,000. Required downpayments are usually 15% to 20%, payable in 6 months to 1 year.

b. Vertical Developments

i. Townhouses

Townhouse projects are comprised of residential housing units where independent and identical houses are found adjacent to each other, with a row sharing one or two house walls. These projects have higher development costs, are built on smaller land areas (6 to 7 h.a.), and are developed in phases. The next phase is only developed once the previous phase is sold out. The Company has one ongoing having an average price of Php5,350,000. Downpayments of 15% to 20% are usually required, payable in 6 months up to 2 years. Balance of 80% is paid through installment with interest rates ranging from 14% to 16% with average term of 1 to 10 years.

ii. Condominiums

The condominium projects of the Company are located in strategic locations near existing horizontal developments. The Company has completed four (4) residential condominiums since year 2007 while it currently has one (1) ongoing condominium project, the Neopolitan Condominium in Fairview, Quezon City. The usual required downpayment ranges from 15% to 20%, payable in 2 to 3 years. Balance of 80% is paid through installment with interest rates ranging from 14% to 16% with average term of 1 to 10 years.

iii. Condotels

Condotel projects are condominium units being sold to individual buyers but are managed and operated as a hotel. There is an option for the unit buyers to purchase a condominium unit or a Condotel unit. A Condotel unit will be placed under a rental program initially for 15 years where it is rented out like a typical hotel room. An experienced management company, with common shareholders and directors as SLI, handles all operations, maintenance, and management of the units under the rental program. Rental income from the units is shared between the Company and the unit owners, where the Company usually receives at least 30% of net rental income. The Condotel buyer is not offered any guaranteed return on the rental of this condominium unit or even that it will be leased out at all. Average selling prices per unit range from Php72,000 to Php90,000 per sqm. with required downpayments of 20%, payable in two to three years while the balance can be paid in five to ten years. In addition, under the Company's revenue sharing program, unit owners get 30 complimentary room nights per year which are transferrable across all the Company's hotels and Condotels in the Philippines.

2. Commercial Properties

a. Mall

Existing Mall

The SLEGM is a comprehensive commercial, entertainment, and leisure facility with a full range department store, supermarket, movie theater, fast food chains, bookstore, specialty boutiques for clothing, accessories, telecommunication, and hobby stores. The SLEGM is comprised of three four-storey buildings with a GFA of 180,000 sq.m and is located at Marcos Highway cor. Felix Ave., Cainta, Rizal. The current mall has a 115,492 sqm. gross leasable space of which 110,121 sqm. or 95.35% are being leased to 453 tenants. This business serves to complement the needs of the residential communities that the Company has built in the cities of Pasig, Marikina, and in the various towns of the Rizal province.

Expansion Mall
The expansion mall of the Company called Il Centro opened in 2014 and is comprised of a three-storey building with a GFA of 50,000 sqm. and a net leasable area of 12,600 sqm. The mall has a 20,000 sqm. parking to cater to residential and mall clients.

Principal Tenants
The Company's diverse mix of tenants includes those engaged in the business of services, retail, leisure, food, apparel, and novelty. The Company's significant tenants include the following:

- Services: BDO Unibank, David‟s Salon, Bench Fix Salon, Ricky Reyes
- Retail: Abenson, CD-R King, National Bookstore
- Leisure: Worlds of Fun, Sta. Lucia Cinema, Sta Lucia Bowling
- Food: Bonchon, Dunkin Donuts, Jollibee, Mang Inasal, Starbucks
- Apparel: Bench, Folded and Hung, Giordano, Lee, Converse
- Novelty: Comic Alley, Blue Magic, Papemelroti

Aside from the tenants mentioned above, the SLEGM also has major tenants controlled by or in which one or more of the Group's shareholders have a significant interest. These include Home Gallery, Planet Toys, SLE

Cinema, and SLE Bowling. The top 3 business activities taking up the Company's leasable area are services, leisure, and retail. In terms of contribution to rental income, retail activities contribute the majority to the Company's rental income, followed by service and food activities.

Lease Terms
The lease payments that the Company receives from its retail tenants are usually based on a combination of fixed and/or variable payments. Rents are typically based on basic rental fee per sqm. in addition to a turnover component of 1.5% to 8% of gross sales, subject to a monthly minimum rental fee per sqm. and annual escalation rates. Tenants are also usually charged air conditioning, common use service areas, pest control, electricity, and marketing support fees. Lease terms range from one month to five years with renewal clauses.

Management of the Mall
Management and operation of the malls, including planning, development, tenant mix preparation, budgeting, maintenance, engineering, security, leasing, marketing, promotions, billing, and collections are handled by Sta. Lucia East Commercial Corporation ("SLECC"), a related company owned by the shareholders of the Group. Beginning October 1, 2014, all lease payments from the mall tenants are now paid to and in the name of the Company. SLECC continues to provide management and operations services for the SLEGM and will receive management fees equivalent to a fixed percentage of revenues. The Company's board of directors approved the implementation of this new arrangement effective October 1, 2014. The Company believes that this move can be expected to improve the Company's lease revenues.

b. Commercial Lots

A portion of the Company's revenues also come from sales of commercial lots. In 2013, the Company converted some of its commercial lots for sale into commercial lots for lease. The commercial properties of the Company are complementary to existing residential projects and are being offered to existing established retail partners. There are a total of 323 commercial lots covering 33.93 h.a. adjacent to the Company's projects nationwide. There is an allocation for an average commercial space ranging from 300 to 2,000 sqm. in majority of the Company's projects. The Company intends to expand its retail portfolio by offering these commercial properties via 3 main options: (i) outright sale of the commercial lots, (ii) lease of the commercial lot to retailers, and (iii) building of the Company's own malls in these commercial properties and leasing it to retailers.

3. Services

a. Housing / Construction

The Company has recently ventured into housing construction services through its wholly-owned subsidiary, SLHI. In addition to "build-and-sell", the Company's business model will focus on the provision of access to and assistance in connection with general construction services to its lot buyers. SLHI began operating in 2014 in order to service the needs of lot buyers who would like to have their own house constructed on their previously bought lots but are not familiar with the process (i.e. securing permits, construction, accessing financing, etc.) and with assurance of reliability from an established brand name. The price of the house construction services range from Php22,500 per sqm. to Php28,000 per sqm. Payment terms require a 20% downpayment that is payable up to 6 months, with the balance payable up to 10 to 15 years through bank financing.

b. Marketing

The Company is currently conducting marketing services through its subsidiary SVI as well as through five other third party sbrokers.

c. Sale on installment

Around 90% of the Company's customers avail of the sale on installment facilities with interest rates ranging from 14% to 16% per annum and a 20% downpayment with the balance payable from 5 to 10 years.

Subsidiaries

On January 9, 2013, the Parent Company filed an application with SEC for the incorporation of one of its wholly owned subsidiary Sta. Lucia Homes, Inc. (SLHI), the primary purpose of which is to construct, develop, improve, mortgage, pledge and deal with residential structure for lot buyers of the Group. The Parent Company received an approval on February 20, 2013.

On January 31, 2013, the Parent Company also filed an application with SEC for the incorporation of another wholly owned subsidiary Santalucia Ventures Inc. (SVI), whose primary purpose is to market, operate, manage, develop, improve, dispose, mortgage, pledge and deal with residential structure for lot buyers of the Group. Such application was approved by SEC on April 5, 2013.

Employees/Officers

As of December 2015, the Registrant has the following numbers of employees/officers including:

NO.	DEPARTMENT	REGULAR EMPLOYEES	CONTRACTUAL
1	OFFICE OF THE EVP/CFO	1	
2	ADMINISTRATION	2	
3	ACCOUNTING	11	
4	SALES AND MARKETING	11	1
5	PROJECT DEVELOPMENT	4	
6	PURCHASING	3	
7	FINANCE/CREDIT RISK MANAGEMENT	3	1
8	MANAGEMENT INFORMATION SYSTEM	4	4
9	TREASURY	4	
10	COLLECTION	14	
11	CORPORATE PLANNING	2	
12	HUMAN RESOURCES	1	
13	LEGAL **		1
14	SPECIAL PROJECTS	3	
15	HOMES	1	
	TOTAL	64	7

** Consultant

There are no current labor disputes or strikes against the Registrant, nor have there been any labor disputes or strikes against the Registrant in the past nine (9) years.

The Company has provided a mechanism through which managers and staff are given feedback on their job performance, which it believes will help to ensure continuous development of its employees. The Company also provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments.

Major Risks

Various risk factors will affect SLI’s results of operations may it be in the result of economic uncertainty and political instability.

The Philippines as one of the countries in Asia that were not directly affected by the crisis showed a better position for market enhancement. Despite the fact that inflation is continuously affecting the world market, the Philippines manages to offset the augmented prices of goods and services with the increase in local & foreign investment as well as the Overseas Filipino Workers (OFW) remittances continued to be constant. Given the skilled labor in the Philippines, which is at par with international standards, jobs were actually created in the country. The steady rise of employment in this industry contributed to the increase in consumer spending, which is one of the strongest stimuli for economic growth. In addition, local and foreign investors were driven by the new Aquino administration which showed a positive outcome for investors.

As for the real estate industry in the Philippines, the country still experienced a stable market demand for 2015. This is due to the common object of OFW's which to have their own property. Based on SLI's sales report, it has always been a significant number of OFW who purchased properties. Also, there have been foreign investors who invested in properties in the country due to our low cost of living. The Philippines is likewise seen as a country with great economic potential by our neighboring countries in Asia.

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there were instances of political instability, including public and military protests arising from alleged misconduct by the previous administration.

Politics has been a major risk in the Philippines since it has a negative image in political disorder which is largely due to corruption and unstable development. Also, the country's high debt to financial institutions affects all business sectors and has become a major factor to consider. Nevertheless, the Philippine government has its new hope for 2015 and the residual years through the Aquino administration. It would be a challenge for the government to act on the risk factors threatening the Philippine economy.

Other than those mentioned above, the Company may also be exposed with the changes in Peso, interest rates and costs in construction. However, the Company adopted appropriate risk management procedures to lessen and address the risks it faces.

Description of Market/Clients

The Company has now expanded its target market to include clients with different professions and living statuses, coming from all segments of society.

The Company's main target markets are the OFWs and middle class. A major percentage of the Company's number of units sold come from OFWs and their families, 15% come from SME business owners, and 15% come from middle class employees.

Real Property Development

The following properties as mentioned above comprise the assets of the Registrant as part of the capital infusion from SLRDI:

Residential and Commercial Properties

Alta Vista de Subic
Alta Vista de Subic is a residential property located in Subic, Zambales. It sits on a 22,308 sq. m. area, with 68 lots for sale.

Alta Vista Residential Estate and Golf Course
Alta Vista Residential Estate and Golf Course is a residential property located in Cebu City. It sits on a 25,450 sq. m. area, with 36 lots for sale.

Caliraya Spring
Caliraya Spring is a residential property located in Laguna. It sits on a 84,980 sq. m. area, with 120 lots for sale.

Costa Verde Cavite
Costa Verde Cavite is a residential property with housing projects located in Rosario, Cavite. It sits on a 10,005 sq. m. area, with 100 lots for sale.

Davao Riverfront
Davao Riverfront is a residential and commercial property located in Davao City. It has 11 residential lots for sale, which sits on a 2,170 sq. m. area. The property also has 100 commercial lots for sale, situated on a 81,889 sq. m. land.

Eagle Ridge
Eagle Ridge is a commercial property located in Cavite. It sits on a 69,042 sq. m. area, with 87 lots for sale.

Glenrose Park Carcar Cebu
Glenrose Park Carcar Cebu is a residential property with housing projects located in Cebu City. It sits on a 14,338 sq. m. area, with 179 lots for sale.

Greenwoods
Greenwoods is a commercial property located in Pasig City. It sits on a 6,665 sq. m. area, with 6 lots for sale.

Greenwoods South
Greenwoods South is a residential property with housing projects located in Batangas City. It sits on a 25,181 sq. m. area, with 125 lots for sale.

La Breza Tower
La BrezaTower is the planned 22-storey residential condominium to be built on the property on Mother Ignacia Ave. in Quezon City. The property area is 1,450 sq. m.

Lakewood City
Lakewood City is a residential property with housing projects located in Cabanatuan. It sits on a 107,087 sq. m. area, with 372 lots for sale.

Manville Royale Subdivision
Manville Royale Subdivision is a residential and commercial property located in Bacolod. It has 382 residential lots for sale, which sits on a 65,606 sq. m. area. The property also has 5 commercial lots for sale, situated on a 7,316 sq. m. land.

Metropolis Greens
Metropolis Greens is a residential property with housing projects located in General Trias, Cavite. It sits on a 19,785 sq. m. area, with 179 lots for sale.

Metropoli Residenza de Libis
Metropoli Residenza de Libis is a residential and commercial property located in Libis, Quezon City. It has 46 residential lots for sale, which sits on a 10,721 sq. m. area. The property also has 18 commercial lots for sale, situated on a 7,336 sq. m. land.

Monte Verde Royale
Monte Verde is a residential property with housing projects located in Taytay, Rizal. It sits on a 43,492.93 sq. m. area, with 202 lots for sale.

Neopolitan Garden Condominium
Neopolitan Garden Condominium is a residential condominium property located in Fairview, Quezon City . It sits on a 77,003 sq. m. area, with 48 lots for sale.

Palm Coast Marina Bayside
Palm Coast Marina Bayside is a commercial property located on Roxas Blvd., Manila. It sits on a 2,571 sq. m. area, with 2 lots for sale.

Palo Alto
Palo Alto is a residential property located in Tanay, Rizal. It sits on a 678,837 sq. m. area, with 1,115 lots for sale.

Pinewoods
Pinewoods is a residential property located in Baguio City. It sits on a 112,210 sq. m. area, with 71 lots for sale.

Pueblo Del Sol
Pueblo Del Sol is a residential property located in Tagaytay City. It sits on a 12,977 sq. m. area, with 44 lots for sale.

Rizal Technopark
Rizal Technopark is a commercial property located in Taytay, Rizal. It sits on a 25,112 sq. m. area, with 34 lots for sale.

Southfield Executive Village
Southfield Executive Village is a residential property with housing projects located in Dasmarinas, Cavite. It sits on a 28,359 sq. m. area, with 193 lots for sale.

South Pacific
South Pacific is a residential property with housing projects located in Davao City. It sits on a 150,095 sq. m. area, with 434 lots for sale.

Sta. Lucia East Grandmall
Sta. Lucia East Grandmall is a commercial property located in Cainta, Rizal. It sits on a 98,705 sq. m. area and is composed of three buildings.

Tagaytay Royale
Tagaytay Royale is a commercial property located in Tagaytay City. It sits on a 22,907 sq. m. area, with 9 lots for sale.

Vistamar Estates
Vistamar Estates is a residential and commercial property located in Cebu City. It has 86 residential lots for sale, which sits on a 32,086 sq. m. area. The property also has 13 commercial lots for sale, situated on a 20,299 sq. m. land.

The following are the Registrant's completed projects as of December 31, 2015 aside from the ones indicated above:

Sugarland Estates

Sugarland Estates is a residential property located in Trece Martires, Cavite with a saleable area of 72,377 sqm.

Splendido Tower 1

Splendido Tower 1 is a condominium project located in Laurel, Batangas and 22-Storey high.

La Breza Tower

La Breza Tower is a condominium project located in Mother Ignacia Street Quezon City with more than 250 units for sale.

La Mirada Tower

La Mirada Tower is a condominium project located in Lapu Lapu, Cebu.

Villa Chiara

Villa Chiara is a residential property located in Tagaytay City, Cavite with more than 34,000 sqm in area.

Grand Villas Bauan

Grand Villas Bauan is a residential subdivision located in Bauan Batangas.

Green Meadows Tarlac

Green Meadows Tarlac is a residential and commercial property which sits in Paniqui, Tarlac with more than 149,000 sq. m. in area.

Luxurre Residences

Luxurre Residences is a residential and commercial property located in Alfonso, Cavite.

East Bel Air 1

East Bel Air 1 is a condominium tower located in Cainta, Rizal.

Antipolo Greenland

Antipolo Greenland is a residential property located in Antipolo, Rizal with more than 20,000 sq. m. in area.

South Grove Davao

South Grove is a residential community located in Davao which is 3 km from the city proper. The community is designed with a clubhouse, basketball court, and swimming pool.

Sta. Lucia Residenze 1 - Monte Carlo

Sta. Lucia Residenze 1 - Monte Carlo is a 20-storey residential condominium located in Cainta, Rizal. It is an Italian inspired-tower purposely outlined in equilateral shape to preserve the scenic view of the city. It is located inside the SLEGM and will have 238 units available for sale.

Stradella (formerly East Bel-Air 2)

Stradella is a 6-storey residential and commercial condotel located in Cainta, Rizal. The project offers convenient urban living in a suburban and elegant contemporary setting. Located within the 1 h.a. residential and commercial complex called East Bel-Air, this project has 116 units available for sale.

Neopolitan Condominium 1

The Neopolitan Condominium is a 9-storey residential condominium located in Fairview, Quezon City. It is designed as a residential project at the center of buzzing city. It covers an area of 1.2 h.a. and will have 191 units available for sale.

Material Reclassification, Merger, Consolidation or Purchase or Sale of Significant Amount of Assets

The Registrant has sold the Ayala Property to Alphaland, Inc. in April 2008 for Php820 Million.

Business of Issuer

The Registrant's primary purpose is to deal, engage or otherwise acquire an interest in land or real estate development, whether in the Philippines or elsewhere, to acquire, purchase, sell, convey, encumber, lease, rent, erect, construct, alter, develop, hold, manage, operate, administer or otherwise deal in and dispose of, for itself or for others, for profit and advantage, residential, commercial, industrial, recreational, urban and other kinds of real property, such as horizontal and vertical developments as stated in its latest Amended Articles of Incorporation, as of 09 October 2007. Please refer to "Real Property Development" and "Development

Activities" sections for the detailed descriptions of the products that are and will be distributed by the Registrant.

Distribution Methods of the Products

The Company has at its disposal the expertise of six (6) different marketing arms, four (4) of whom work exclusively with the Sta. Lucia Group, namely: Royale Homes Marketing Corp., Orchard Property Marketing Corp., Mega East Properties, Inc., Fil-Estate, Asian Pacific, and Santalucia Ventures, Inc., which is a wholly-owned subsidiary of the Company. These marketing firms have a combined local and international sales force of over 120,000, with an extensive knowledge of local demographics. These marketing companies employ various media to promote the Company such as print advertisements in newspapers, online media (such as Facebook, Instagram, Youtube, Twitter), celebrity endorsers, and brokers.

Competition

The residential market is still a highly under-served market with the housing backlog projected to reach 5.6 million by 2030 (myproperty.ph). In this segment, the Company considers Vista Land and Filinvest Land, Inc. as its competitors. The Company believes that the strengths of these competitors lie in their larger landbank holdings and historically, their ability to access funding through the capital markets.

In order to effectively compete, the Company has long adopted the strategy of focusing on the provincial areas that are largely ignored and under-served by its bigger competitors whose projects have, until recently, been concentrated in the Metro Manila which is already congested and near saturation. SLI is present in ten regions across the country. The Company believes that sustained growth will come from the provinces and major cities outside of Metro Manila and have therefore prioritized establishing its presence there. The Company believes that its expertise and knowledge in these areas will prove significant as it continues to expand its property footprint in these largely under-served areas. The Company will continue using its sales force, targets a specific customer segment in specific geographic locations. Once identified, potential clients are reached through aggressive advertising and personalized sales services, including after sales support. Such services include assistance in documentation and facilitating access to credit. Its capability to reach out to different locations is made possible through its vast marketing channels, which, by sheer number of sales agents, was able to capture a good portion of the market. Its international offices also made it possible to move closer to markets it serves offshore. Open houses, discounts and promotion are some of the marketing tools the Company employs as part of its sales and marketing strategy.

With respect to the mall business, SM Prime and Robinsons Retail are considered as the main competitors of the Company. Although SLEGM was one of the first malls in the Cainta area, competition has emerged in recent years as new malls were developed by its peers. Despite this however, the Company continued to generate healthy cash flows, retain tenants and even engage newer ones. Its prime location, being located in a major intersection along a major thoroughfare, along with the variety of its affiliated and independent retailers which afford its customers more varied choices and the continuous improvements in both facilities and services have enabled SLEGM to hold its own in this highly competitive retail market.

Suppliers

The Registrant has a broad base of local suppliers and is not dependent on one or limited number of suppliers.

Customers

The Registrant has a broad market base including local and foreign individuals and does not have a customer who/which accounts for twenty percent (20%) or more of the Registrant's sales.

Government Approvals/Regulations

The Registrant, as part of the normal course of business, secures various government approvals such as licenses to sell, development permits and the like.

Environmental Compliance

The Registrant has made efforts to meet and exceed all statutory and regulatory standards on environmental compliance in its normal course of business. In keeping with the Registrant's commitment to sustainable development, all projects are assessed for their environmental impact and, where applicable, are covered by an Environmental Compliance Certificate (ECC) issued by the Department of Environment and Natural Resources prior to construction or expansion. To date, the Registrant is compliant with relevant environmental regulations.

Transactions with Related Parties

The Group (SLRDI and SLI) in its regular conduct of business has entered into transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed-upon by the parties.

The significant transactions with related parties follow:

a. The Company, in the normal course of business, has transactions with its affiliated companies consisting of non-interest bearing advances for working capital requirements with no fixed repayment terms.

b. Transactions and related receivables arising from the sale of lots to SLRDI. These lots were used by SLRDI to pay its suppliers as well as give incentives to its officers and shareholders.

c. SLRDI has entered into a loan agreement with Rizal Commercial Banking Corporation (RCBC) and has a loan balance of Php285.88 million as of December 22, 2014. On the same date SLRDI and the Company entered into a memorandum of agreement whereby the Company shall assume the liability and the payment of SLRDI's financial obligation .

d. Other transactions with the SLRDI include non-interest bearing cash advances for various charges to and from affiliated companies for reimbursements of expenses on gasoline consumption of service vehicles, repairs and maintenance, supplies, rentals for project exhibits and advertising/marketing costs.

e. Monthly amortization payment from the buyers of the Group collected by SLRDI due to be remitted to the Company.

f. In 2014, SLRDI sold to a third party a piece of real property located in Cansaga, Consolacion, Cebu for a consideration of Php102.51 million. SLRDI, through a memorandum of agreement, contracted the services of the Company for the management of the property, research on the market price and negotiation of the sale. The Company recognized management fee of Php45.76 million in relation to the services provided.

g. At the start of 2014, the Parent Company and SLRDI entered into several memorandums of agreements wherein the Parent Company undertakes the development and marketing of the several projects of SLRDI and has assumed the position of the development contractor and marketing arm. In consideration of the services rendered by the Parent Company, SLRDI has agreed to the following:

    - Colinas Verdes Bulacan Project - SLRDI has entered into a joint venture agreement with Araneta Properties, Inc. (API) for a proceeds sharing agreement of 60% SLRDI -40% API share. The Parent Company shall be entitled to 75% of SLRDI's share in all the income and share in the proceeds joint venture and 12% marketing fee on the gross selling price of all sales made from the project;
    - Green Meadows Iloilo Project - SLRDI has entered into a joint venture agreement with AFP-Retirement and Separation Benefits System (ARSBS) for a lot sharing agreement of 55% SLRDI - 45% ARSBS share. The Parent Company shall be entitled to 75% of SLRDI's share in of all the income from the lot share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project;

- Ponte Verde Davao Project- SLRDI has entered into a joint venture agreement with Green Sphere Realty Corporation (GSRC) for a lot sharing agreement of 60% SLRDI - 40% GSRC share. The Parent Company shall be entitled to 75% of SLRDI's share in of all the income from the lot share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project; and
- Valle Verde Davao Project - SLRDI has entered into a joint venture agreement with GSRC for a lot sharing agreement of 60% SLRDI - 40% GSRC share. The Parent Company shall be entitled to 75% of SLRDI's share in of all the income from the lot share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project.

h. The Company entered into a lease agreement with Sta. Lucia East Commercial Corporation (SLECC), an affiliate, starting January 2011. The lease agreements convey to SLECC the lease of a mall owned by the Company. The agreement is automatically renewed every year. Since the inception of the lease, the payment of SLECC to SLLI is at 90% of SLECC's net income, gross of real property tax from managing mall operations including repairs and maintenance and collection of space rental from storeowners or tenants. This lease agreement was terminated on September 30, 2014.

   Effective October 1, 2014, the Parent Company directly entered into lease agreements with mall tenants. SLECC and the Parent Company, on the other hand entered into a management services agreement effective October 1, 2014 wherein SLECC will provide property management and business development services, leveraging its knowledge in the mall operations from the past years. In exchange of SLECC's services, the Parent Company shall pay SLECC a management fee equivalent to 7% of the gross rental revenue.

<u>Present Employees</u>

As mentioned in Item 1 on Employees/Officers, the Registrant has 71 officers, employees and contractuals. The Registrant has embarked to support the increasing demand of workforce for its increasing operations. Hence it anticipates to increase additional employees for the next ensuing year though no exact number of employees is assumed.

The Registrant provides annual salary increases based on the performance. This is made through regular performance assessment and feedback.

<u>Development Activities</u>

Currently, the Registrant is developing a number of vertical and horizontal projects. In addition, there are a lot of future projects that the Registrant has planned to compete to the market demand and real estate industry. The projects that presently have developmental activities are as follows:

<u>Completed Projects:</u>

Grand Villas, Batangas
La Mirada Tower, Cebu
Splendido Towers, Tagaytay
La Breza Tower
Villa Chiara, Tagaytay
Greenland Antipolo Phase II
Luxurre Residences
Green Meadows Tarlac
East Bel Air 1
East Bel Air 2
South Grove Davao
Sta. Lucia Residenze 1 - Monte Carlo
Neopolitan Condominium 1
Sugarland Estates

On- Going Projects:

Mesilo Nueva Vida
Soto Grande Ph 2
Greenwoods North Ph2El Pueblo Verde
Greenland Newtown Ph2A
Ponte Verde Davao
Greenmeadows Iloilo
Greenwoods South Ph6
Greenwoods Executive Ph9E, 9F and 2L
Arterra Residences
Neopolitan Condominium 1
Sotogrande Davao
Sotogrande Iloilo
Orchard Tower 1
Woodside Garden Village
South Spring Laguna Expansion
Monte Verde Royale Expansion
Green Peak Heights
Almeria Verde Dagupan
La Huerta Calamba
Splendido Taal Tower 2
Summerhills Ph4
Valle Verde Davao
Colinas Verdes Ph3
Costa Del Sol Iloilo
Greenland Cainta Ph 9C and 3B
Nottingham Townhouse Villas
Althea Davao
Sta. Lucia Residenze – Santorini
Sotogrande Katipunan
Neopolitan 2
Vermont Park Executive
Summit Point Lipa Expansion
Rockville
Harbor Spring Condotel
Golden Meadows Binan and Sta. Rosa

Future Projects:

Gerona Rivilla Property
General Milling Cebu Property 1
South Coast
General Milling Cebu Property 2
Manggahan Property Building 2
Cebu Com Tower 1
Cebu Com Tower 2
Splendido Tower 3
Splendido Tower 4
La Mirada Tower 2
Sta. Lucia Residenze Tower 3
Sta. Lucia Residenze Tower 4
Sta. Lucia Residenze Tower 5
East Bel-Air 3
East Bel-Air 4
Manggahan Property Building 3
Manggahan Property Building 4
Neopolitan Tower 3
Neopolitan Tower 4
La Mirada Tower 3
East Bel-Air 5
East Bel-Air 6
Manggahan Property Building 5
Neopolitan Tower 5
Katipunan Building 2
Davao Riverfront Building 1
Davao Riverfront Building 2
Iloilo Building 2
JAKA Nasugbo Property

On January 19, 2009 at its Executive Committee Meeting, the Registrant resolved to enter into a joint venture agreement with Royale Homes Realty and Dev't., Inc. for the development of Antipolo Greenland Phase II, Mr. Antonio C. Rivilla for Greenmeadows Tarlac, Great Landho, Inc. for Sugarland, Darnoc Realty and Dev't. Corp. for South Coast and Surfield Dev't. Corp., Boyd Dev't. Corp., and Paretti Dev't. Corp. for La Panday Prime Property.

On February 12, 2010, the Registrant in its Executive Committee Meeting resolved to sign the joint venture agreement with Mr. John Gaisano et al. for the development of several parcels of land in Matina Crossing, Davao which has a total area of 162, 140 square meters known as the Costa Verde Subdivision.

On August 4, 2010, the Registrant, at its Executive Committee Meeting, resolved to approve the joint venture agreement with General Milling Corporation (GMC) with a 132,065 square meter property located in the old and new Bridge of Mactan Island to Cebu proper. Also, a second joint venture with spouses Gloria-Sulit-Lenon of a piece of property located in San Mateo, Rizal with an area of 34, 703 square meters. Lastly, the 3rd joint venture agreement with SJ properties, Joseph O. Li et al. to develop a 102, 477 square meter property in Kaytitinga, Alfonso, Cavite was approved.

On September 17, 2010 at the Special Meeting of the Board of Directors, the Registrant resolved to enter a joint venture agreement with San Ramon Holdings, Inc. for the development of a parcel of land located in Canlubang, Calamba, Laguna.

On February 07, 2011 at the meeting of the Executive Committee, the Registrant approved the joint venture agreement among Sept. Company Inc (SCI), Antonio Rivilla, and the Company, to develop parcel of land situated Barrio San Antonio Abagon & Poblacion Municipality of Gerona, Tarlac with a total area of 155, 153 sq m into a residential and commercial subdivision.

On February 09, 2011 at the meeting of the Executive Committee, the Company has entered into a joint venture agreement with Sta. Lucia Realty and Development, Inc. for a development of a commercial subdivision located in Barrio of Dumuclay, Batangas City. In addition, the Company also entered a joint venture agreement with Anamel Builders Corporation (ABC) to develop a parcel of land owned by ABC located in the City of Gapan Nueva Ecija, with an aggregate area of 136,059 square meters in a residential subdivision.

On March 16, 2011 at the meeting of the Executive Committee, the Registrant approve the joint venture agreement between First Batangas Industrial Park Inc. to develop several parcels of land situated in the Brgys. of Manghinao and Balayong Bauan, Batangas with an aggregate area of 538,138 sq m.

In the Executive Committee meeting held on October 20, 2011, the Registrant entered into a joint venture agreement with Rexlon Realty Group Inc. to develop a parcel of land in Brgy. Kaybiga, Caloocan City into a residential subdivision, with an aggregate area of 5,550 sq m.

In the Organizational Meeting of the Board of Directors of the Corporation held immediately after the Annual Stockholder’s Meeting on June 29, 2012, the Board of Directors authorized the Registrant to enter into joint venture agreements with Royale Homes Realty and Development Corporation with respect to the development of certain properties located in Brgy. Pasong Matanda, Cainta Rizal and Brgy. Sta. Ana Taytay, Rizal, with Melissa Ann L. Hechanova, Maria Angela M. Labrador, and Vivian M. Labrador for the development of a parcel of land situated in Brgy. Cabangan, Subic, Zambales, with Rapid City Realty & Development Corporation with respect to the development of properties in Antipolo City and the Municipalities of Baras, Tanay, Teresa, Province of Rizal.

On October 4, 2012 at the Special Meeting of the Executive Committee, the Registrant was authorized to enter into joint venture agreements with the following:

a. Trillasun Realty and Development Corporation, with respect to the development of certain properties in Brgy. Dumoclay, Batangas City
b. Sta. Lucia Realty and Development, Inc., with respect to the development of certain parcels of land in Taytay, Rizal and Bario Mendez, Tagaytay City
c. Royale Homes Realty and Development, Inc., with respect to the development of properties in Imus, Cavite;
d. Carlos Antonio S. Tan and Mark Davies S. Santos, with respect to the development of certain properties in Cainta, Rizal
e. Irma SB. Ignacio-Tapan, with respect to the development of certain properties in Cainta, Rizal
f. MFC Holdings Corporation, with respect to the development of properties in Brgy. Tolotolo, Consolacion, Cebu.

At the special meeting of the Board of Directors held on December 12, 2012 at the principal office of the Company, the Registrant was authorized to enter into joint venture agreements with various parties with respect to the expansion of various existing projects, involving the following properties:

a. A parcel of land with an area of 29,950 sq m situated in Brgy. Ampid, San Mateo, Rizal;
b. A parcel of land with an area of 72,767 sq m situated in Barrio Lapit, Urdaneta City, Pangasinan;
c. A parcel of land with an area of 8,906 square meters situated in Barrio Muzon, Angono, Rizal;

Also, the registrant was authorized to acquire the following properties:

a. A parcel of land with an area of 1,230 sqm in Quezon City,
b. A parcel of land in Barrio Inosluban, Buclanin, Lipa, 7,895 sqm
c. A parcel of land in Mexico, Pampanga, 61,486 sqm

At the Special Meeting of the Registrant's Board of Directors held on 18 April 2013, the following resolutions on entering to Joint Ventures and acquiring parcels of land were discussed and approved:

a. For the development of a parcel of land located in Davao City owned by Greensphere Realty & Development Corp.;
b. For the expansion of the Registrant's project known as Palo Alto, located in Tanay, Rizal, involving parcels of land owned by Sta. Lucia Realty and Development, Inc. and Milestone Farms, Inc.;
c. For the expansion of the Registrant's project known as Rizal Techno Park, located in Taytay, Rizal, involving parcels of land owned by Royal Homes Realty & Development Corporation and JFG Construction and Development Services with an aggregate area of 10,100 square meters;
d. For the expansion of the Registrant's project known as Greenwoods Executive Village, located in Pasig City, involving a parcel of land owned by St. Botolph Development Corp. with an area of 5,558 square meters;
e. For the expansion of the Registrant's project known as Cainta Greenland, located in Cainta, Rizal, involving a parcel of land owned by Sta. Lucia Realty and Development, Inc. with an area of 5,019.5 square meters;
f. Seven parcels of land located at Barangay San Juan, Taytay, Rizal, with an aggregate area of 4,865.49 square meters, owned by Carmencita M. Estacio, Adela O. Leyca, Manuel Medina, Lucia M. Del Rosario, Ireneo O. Medina, Leopoldo O. Medina, and Bonifacio O. Medina; and
g. A parcel of land located in Lipa, Batangas with an area of 7,895 square meters, owned by Benito Magaling and Divina Tupaz.

On April 1, 2014, the Board approves a resolution authorizing the Registrant to enter into joint ventures involving the development of a new project located in Cebu with an area of 537,011 sq.m and to amend the Articles of Incorporation of the Company to extend the corporate term by 50 years together with the following:

Resolutions authorizing the Registrant to acquire the following:

a. Parcel of land at Sun City Expansion, Davao, 24,578 sqm
b. Parcel of land in Golden Meadows Sta. Rosa, 51,500 sqm
c. Parcel of land located in Greenwoods Batangas, 32,312sqm
d. Parcel of land in Lipa Royale Batangas, 9,421 sqm

Resolutions authorizing the Registrant to enter in joint ventures involving the following:

a. Development of Rizal Techno Park Taytay, 10,100sqm
b. Development of a new project in Puerto Princesa, 20,000 sqm
c. Development of land in Palawan, 61,315sqm
d. Development of parcel of land located in Greenwoods South , 32,314sqm
e. Expansion in Davao, 9,841sqm
f. Development of new project in Cebu, 537,011sqm
g. Development of project in Davao, 36,913sqm
h. Development of project on Ponte Verde, Davao, 28,000sqm

On July 1, 2014, the following were resolved by the Board to acquire:

a. Parcel of land in Batangas City, 9315.5 sqm
b. Parcel of land in Batangas City, 3,087 sqm
c. Parcel of land in Taytay, 6,302 sqm

And a resolution was made to authorize the Registrant to enter into a joint venture for the development of a new project in Dagupan Pangasinan, 77,001 sqm

At the Special Meeting of the Board of Directors, on 21 April 2015, the following resolutions were discussed and approved:

a. Development of a project located in Ponte Verde Davao with an area of 36,915 sqm. and 28,751 sqm
b. Development of a new project in Eden Davao with area of 985,292 sq.m.
c. Development of new project in Cainta Rizal with an area of 16,026 sq. m.
d. Development of new project in Taytay Rizal with an area of 8,318 sqm

e. Development of 7 projects in Barrio San Miguel Pasig with an area of 8,423 sqm
f. Development of new project in Bauan Batangas with an area of 246,653 sqm
g. Development of new project in Binangonan Rizal with an area of 24,492.62 sqm
h. Development of new project in Sta. Rosa Laguna with an area of 27,500 sqm
i. Development of new project in Bario Pasong Matanda Cainta Rizal with an area of 51,969 sqm
j. Land acquisition of parcels of land in Bauan Batangas
k. Land acquisition of parcels of land in Jaro, Iloilo City
l. Parcel of land in Taytay, 6,302 sqm

Further, at the Annual Stockholders Meeting of the Company held on 19 June 2015, the following resolutions authorizing the Company to enter into joint ventures and land acquisitions were authorized:

a. Development of a project located in San Juan Cainta with an area of 8,697 sqm
b. Development of a new project in Brgy. Tagburos Puerto Princesa Palawan with an area of 12,000
c. Development of new project in Tagaytay with an area of 178,397 sqm
d. Development of new project in Jaro Iloilo with an area of 12,000sqm
e. Development of new project in Davao with an area of 43,137 sqm
f. Parcels of land located in Cainta Rizal with a n area of 10,110 sqm
g. Parcels of land located in San Juan Taytay with a n area of 893sqm
h. Parcels of land located in Inosluban Lipa with an area of 9,421 sqm
i. Parcels of land located in Dasmarinas Cavite with an area of 100,000 sqm

At the Special Meeting of the Board of Directors of the Registrant held on 23 September 2015 at East-Bel Air Residences Clubhouse, Felix Ave, Cainta, Rizal, the following resolutions were discussed and approved:

A. Authorizing the Registrant to enter into joint ventures involving the following:
1. Development of 3 projects located in Brgy. Sta. Ana, Taytay, Rizal with an aggregate area of 18,104 sq.m.;
2. Development of a new project located in Brgy. Mahabang Sapa, Cainta, Rizal with an area of 17,352 sq.m.;
3. Development of 4 projects located in Brgy. San Juan, Cainta, Rizal with an aggregate area of 24,753 sq.m.;
4. Development of a project in Cainta, Rizal with an area of 4,424 sq.m.;
5.Development of a project in Brgy. Pag-asa, Binangonan, Rizal with an area of 28,535.62 sq.m.;
6.Development of 2 projects located in Bo. of Tuctucan and Panginay, Guiguinto, Bulacan with an aggregate area of 40,286 sq.m.;
7. Development of a project in Bo. Sinalhan, Sta. Rosa, Laguna with an area of 27,500 sq.m.; and
8. Development of a project in Brgy. Quirino, Quezon City with an area of 1,100 sq.m.

B. Authorizing the Registrant to acquire the following:
1. Parcel of land located in Bo. Canigaran, Puerto Princesa City with an area of 6,358 sq.m.;
2. Parcels of land located in Barrio dela Paz, Biñan, Laguna with a total area of 15,484 sq.m.; and
3. Parcel of land located in Brgy. Panapaan, Bacoor, Cavite with an area of 370 sq.m.

ITEM 2: PROPERTIES

The following table shows the expenditures spent on development activities and its percentage to revenues:

Year	PROJECT EXPENDITURES	PERCENTAGE TO REVENUES
2015	1,516,058,770	48%
2014	1,472,865,907	65%
2013	1,354,380,768	102%
2012	1,260,833,129	70%
2011	798,042,139	55%
2010	464,512,282	36%
2009	470,247,597	57%

ITEM 2: PROPERTIES

Real Properties

The following table provides summary information on the Registrant's land and other real properties as of December 31, 2015. Properties listed below are wholly owned and free of liens and encumbrances unless otherwise noted.

NO.	LOCATION	AREA IN SQM	LAND USE	REMARKS
1	Amang Rodriguez, Pasig City	10,156	RESIDENTIAL / COMMERCIAL	
2	Bacolod City, Bacolod	52,669	RESIDENTIAL / COMMERCIAL	
3	Baguio City, Benguet	35,887	RESIDENTIAL	
4	Batangas City, Batangas	23,976	RESIDENTIAL / COMMERCIAL	
5	Cabanatuan City	94,417	RESIDENTIAL / COMMERCIAL	
6	Cainta, Rizal	251,856	RESIDENTIAL / COMMERCIAL	Mall area covering 98,705 SQM was mortgaged to BDO & CHINA BANK
7	Carcar Cebu	4,547	RESIDENTIAL	
8	Cavinti, Laguna	84,980	RESIDENTIAL	
9	Cebu City, Cebu	19,263	RESIDENTIAL	
10	Consolacion, Cebu	15,923	RESIDENTIAL	
11	Dasmarinas, Cavite	24,498	RESIDENTIAL	
12	Davao City, Davao	197,373	RESIDENTIAL / COMMERCIAL	
13	Dumuclay, Batangas City	71,991	RESIDENTIAL	Residential/ Commercial area covering 37,382 SQM was mortgaged to BPI & BDO
14	Fairview, Quezon City	69,543	RESIDENTIAL / COMMERCIAL	
15	General Trias, Cavite	85,178	RESIDENTIAL	
16	Ilo-Ilo City, Ilo-Ilo	2,000	RESIDENTIAL / COMMERCIAL	
17	Katipunan, Quezon City	2,000	RESIDENTIAL / COMMERCIAL	
18	Lapu-Lapu City, Cebu	48,261	RESIDENTIAL / COMMERCIAL	
19	Libis, Quezon City	11,335	RESIDENTIAL / COMMERCIAL	
20	Rosario, Cavite	4,897	RESIDENTIAL / COMMERCIAL	

21	Roxas Blvd, Pasay City	2,571	RESIDENTIAL / COMMERCIAL	
22	Subic, Zambales	15,685	RESIDENTIAL	
23	Tagaytay City, Cavite	46,288	RESIDENTIAL	
24	Tanay, Rizal	672,934	RESIDENTIAL	
25	Taytay, Rizal	45,275	RESIDENTIAL	
26	Tanuan, Batangas	7,374	RESIDENTIAL	
27	Salitran, Dasmariñas Cavite	17,346	RESIDENTIAL	
28	Imus, Cavite	34,690	RESIDENTIAL	
29	Lipa, Batangas	7,895	RESIDENTIAL	
30	San Andres, Cainta, Rizal	1,000	RESIDENTIAL	
31	Bulacnin and Inosluban, Municipality of Lipa	9,421	RESIDENTIAL	
32	Sta. Rosa, Laguna	27,500	RESIDENTIAL	
33	Barrio Canigaran, Puerto Princesa	6,358	RESIDENTIAL	
34	Brgy. Muzon, Municipality of Taytay, Province of Rizal	12,446	RESIDENTIAL	
35	Brngy. Balayong, Bauan, Batangas	28,114	RESIDENTIAL	
36	Brngy. Balayong, Bauan, Batangas	11,584	RESIDENTIAL	
37	Brgy. Balayong, Bauan, Batangas	24,788	RESIDENTIAL	
38	De La Paz, Binan Laguna	5,162	RESIDENTIAL	
39	Brngy. Balayong, Bauan, Batangas	9,227	RESIDENTIAL	
40	Brngy. Balayong, Bauan, Batangas	15,063	RESIDENTIAL	
41	Brngy. Manghinao I Municipality of Bauan, Province of Batangas	12,909	RESIDENTIAL	
42	Brngy. Manghinao I Municipality of Bauan, Province of Batangas	9,901	RESIDENTIAL	
43	Brngy. Balayong, Bauan, Batangas	8,151	RESIDENTIAL	
44	Brngy. Balayong, Bauan, Batangas	12,497	RESIDENTIAL	
45	Brngy. Balayong, Bauan, Batangas	17,783	RESIDENTIAL	
46	Brngy. San Antonio Binan Laguna	4,300	RESIDENTIAL	
47	Brngy. Isabang, City of Lucena, Province of Quezon	4,211	RESIDENTIAL	
48	Brngy. Balayong, Bauan, Batangas	12,105	RESIDENTIAL	

49	Brngy. Manghinao I Municipality of Bauan, Province of Batangas	12,603	RESIDENTIAL	
50	Brngy. Balayong, Bauan, Batangas	10,210	RESIDENTIAL	
51	Brngy. Balayong, Bauan, Batangas	9,948	RESIDENTIAL	
52	Bo. Of San Juan, Taytay, Rizal	1,293	RESIDENTIAL	
53	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL	
54	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL	
55	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL	
56	Brngy. Manghinao I Municipality of Bauan, Province of Batangas	8,282	RESIDENTIAL	
57	Barrio Pulo, Pasig City	257	RESIDENTIAL	
58	Brngy. Balayong, Bauan, Batangas	6,638	RESIDENTIAL	
59	Brngy. Balayong, Bauan, Batangas	6,205	RESIDENTIAL	
60	Brngy. Balayong, Bauan, Batangas	5,588	RESIDENTIAL	
61	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL	
62	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL	
63	Brgy. San Antonio, Municipality of Biñan, Province of Laguna	2,000	RESIDENTIAL	
64	Brngy. Manghinao I, Bauan, Batangas	2,807	RESIDENTIAL	
65	Brngy. Manghinao I, Bauan, Batangas	2,801	RESIDENTIAL	
66	Brngy. Manghinao I, Bauan, Batangas	2,801	RESIDENTIAL	
67	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL	
68	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL	
69	Brngy. Pag-asa (Tayuman) Municipality of Binangonan, Province of Rizal	208	RESIDENTIAL	
		2,271,220.52		

ITEM 3: LEGAL PROCEEDINGS

Itemized below are the list of cases and its status involving the Registrant.

	CASE TITLE	NATURE OF CASES	PROPERTY INVOLVED	COURT	STATUS
1	**SAMAHANG MAGBUBUKID NG KAPDULA INC.** **VS.** **STA. LUCIA LAND,** **SLRDI, and SOUTH CAVITE LAND CO,**	OPERATING SUBDIVISION WITHOUT A CERTIFICATE OF REGISTRATION, SELLING SUBDIVISION LOTS WITHOUT A LICENSE TO SELL AND ENGAGING IN ILLEGAL ACTS AND FRADULENT SALES ***HANDLED BY:*** ***ATTY. EDINBURGH TUMURAN***	**MESILO SUBDIVISION** **TCT NOS.** **T-1307454 and** **T-1307453**	HLURB CALAMBA, LAGUNA	**COMPLAINANT'S** **PENDING APPEAL**
2	**SPS. ERNESTO TATLONGHARI** **VS.** **STA. LUCIA LAND,** **FIRST BATANGAS, and ROYALE HOMES**	RESCISSION OF DEED OF ABSOLUTE SALE ***HANDLED BY:*** ***ATTY. GLEN E. DARADAL***	**grand villa baun** **(portion)** **16,832 SQ.M.**	RTC BR. 2, BATANGAS	**FOR SCHEDULED PRE-TRIAL**
3	**FELICISIMA BALAGTAS**	CANCELLATION OF SALE, REFUND OF ALL PAYMENTS TO THE RESPONDENTS AND THE CORRESPONDING VAT WITH	**PALO ALTO**	HLURB	

	AND OFELIA ALVAREZ **VS. sta. lucia land,** **MICHAEL ROBLES AND** **MILESTONE FARMS, INC.**	INTEREST AND DAMAGES ***HANDLED BY:*** ***ATTY. CRYSTAL I. PRADO***	**PCOM** **B1** **L30**	QUEZON CITY	**hlurb tECHNICAL TEAM** **SUBMITTED A REPORT TO** **HLURB THAT "THE LOT IS BUILDABLE'**
4	**pharmazel inc.** **vs. electricom** **vs. sta. lucia land** **third party complaint**	SPECIFIC PERFORMANCE ***HANDLED BY:*** ***ATTY. CRYSTAL I. PRADO***	**metropoli libis** **b2** **l4**	RTC BR. 81 QUEZON CITY	**STILL BEING HEARD**
5	**PETITION** **CTC NOS.N-78407,N-78442, N-78443,N-78450,N-78453, N-78460,N-78462,N-78482,** **N-78535,N-78545,N-78548,** **N-78558,N-78563,N-78567, N-78572,N-78601,N-78627** **STA. LUCIA LAND, INC.,**	CANCELLATION S7 RA 26 ***HANDLED BY:*** ***ATTY. JERRY B. DELA CRUZ***	**la breza tower**	REGIONAL TRIAL COURT Quezon City	**PENDING** **FOR DECISION**
6	**maria bengan** **vs. STA. LUCIA LAND**	violation of pd 957	**east bel-air**	nps xv18m-inv-151-03540	**filed counter affidavit**

	edr, vrs, mst et., al.	***HANDLED BY:*** ***ATTY. CRYSTAL I. PRADO***			
7	**PETITION** **rowena de guzman - petitioner**	Petition for issuance of new transfer certificate of title no. m-143702 of the registry of deeds of morong, rizal		rtc, morong, rizal	
8	**sta. lucia land, inc.** **vs. jocelyn mendoza** **and/or gazlink enterprises**			rtc quezon city	
9	**for filing of cancellation s7 ra26** **- CTC no. N-78592** **- CTC no. n-78599** **- ctc nO. 004-2014005842** **- CTC NO. N-78428** **- CTC NO. N-78592**				**for filing**
	DISMISSED/TERMINATED/SETTLED/				
1	**ELECTRICOM NETWORK TRADING** **VS. STA. LUCIA LAND**	SPECIFIC PERFORMANCE (SURRENDER OF TCT) ***HANDLED BY:*** ***ATTY. CRYSTAL I. PRADO***	**metropoli libis** **b2** **l4**	RTC BR. 222 QUEZON CITY	**DISMISSED**
2	**SPS. VINCENT ORTIZ** **AND AUBREY ORTIZ** **VS. STA. LUCIA LAND**	REFUND ***HANDLED BY:*** ***ATTY. CRYSTAL I. PRADO***	**NEOPOLITAN** **CONDO** **ST1** **OUG** **P1**	HLURB QUEZON CITY	**TERMINATED**

3	**RANDY OCAMPO** **VS.** **LOURDES CONCEPCION DELIA URBANO ET., AL..**	SYNDICATED ESTAFA ***HANDLED BY:*** ***ATTY. GLEN E. DARADAL***	**SUMMERHILLS** **P 4** **B 8** **L 6**	**PROSECUTION OFFICE** **MANDALUYONG**	**settled**
4	**RANDY OCAMPO** **VS.** **STA. LUCIA LAND, INC.**	RECOVERY OF PAYMENT WITH PRAYER FOR BLACKLISTING ***HANDLED BY:*** ***ATTY. EDINBURGH TUMURAN***	**SUMMERHILLS** **P 4** **B 8** **L 6**	**HLURB** **QUEZON CITY**	**settled**
5	**PETITION** **CTC NO. 004-2012006974** **NENITA C. VELEZ** **Represented by ERIC B. TAURO,**	CANCELLATION S7 RA 26 ***HANDLED BY:*** ***ATTY. JERRY B. DELA CRUZ***	**la breza tower**	REGIONAL TRIAL COURT Branch 216, Quezon City	**GRANTED PETITION**
6	**PETITION** **CTC NO. 004-2013019550** **SHEALTHIEL JECH OCZON** **Represented by ERIC B. TAURO**	CANCELLATION S7 RA 26 ***HANDLED BY:***	**la breza tower**	REGIONAL TRIAL COURT Quezon City	**GRANTED PETITION**

		ATTY. JERRY B. DELA CRUZ			
7	**PETITION** **CTC NO. 004-2011011866** **APOLINARU. CARMEN and ELEANOR G. CARMEN**	CANCELLATION S7 RA 26 ***HANDLED BY:*** ***ATTY. JERRY B. DELA CRUZ***	**la breza tower**	REGIONAL TRIAL COURT QUEZON CITY BRANCH 224	**GRANTED PETITION**
8	**PETITION** **CTC NO. 004-2012006975** **SPS. GINA F. CASTRO and FIDEL L. CASTRO**	CANCELLATION S7 RA 26 ***HANDLED BY:*** ***ATTY. JERRY B. DELA CRUZ***	**la breza tower**	REGIONAL TRIAL COURT Quezon City	**GRANTED PETITION**
9	**CONRADO ASEO** **VS.** **STA. LUCIA LAND**	SPECIFIC PERFORMANCE WITH DAMAGES ***HANDLED BY:*** ***ATTY. CRYSTAL I. PRADO***	**Antipolo greenland** **p2** **b7** **l10**	HLURB Q.C.	**COMPLAINANT WITHDRAW** **THE CASE**

The following investigations involve the Registrant's directors and officers:

	CASE TITLE	PROPERTY INVOLVED	SUMMARY	STATUS
1	ROSALINA R. HONRADO	Lot 60, Block 12, Phase 02	On 12 August 2014, Honrado filed a Complaint against Exequiel D. Robles (CEO of SLRDI), Priscilla A. Paras (previous owner) and Carlota Magno (real estate broker) after learning that the subject lot is 100sqm less than what is indicated in the title. 659 sqm actual area as against 759 sqm indicated in the title. Honrado purchased the property from Paras who, in turn, purchased the same from the Philippine Savings Bank.	SLRDI filed its Answer on 15 September 2014 clarifying that, aside from the fact that there is no buyer-seller relationship between Honrado and SLRDI, corresponding refund has been made to the original buyer. It was noted that the property was surveyed in 1996 and corresponding refund was made to Sps Antonio and Elizabeth Pacifico for the 138 sqm discrepancy. Honrado has no claim against SLRDI and its officers.
	VS. EXEQUIEL D. ROBLES as CEO of Sta. Lucia Realty Development Corporation ("SLRDI"), PRISCILLA A. PARAS and CARLOTA MAGNO	Orchard Residential Estate Gold and Club, Dasmarinas, Cavite		
			Honrado prayed that SLRDI be directed to pay the value of the 100 sqm or replace the lot within the same area, and pay attorney's fees of P50 Thousand.	Case is pending with HLU Arbiter.
	HLURB Case No. RIV-081214-4114 Calamba, Laguna			
2	ROSALINA R. HONRADO	Lot 60, Block 12, Phase 02	On 16 August 2014, Honrado filed a Complaint-Affidavit against Exequiel D. Robles, Priscilla A. Paras and Carlota Magno claiming that respondents committed estafa & falsification and/or estafa through falsification by allowing the sale of a property with a certificate of title indicating an area	Robles filed his Counter-Affidavit on 17 November 2014 stating that the property was surveyed in 1996 and corresponding refund has been made to the original buyers, Sps. Antonio and Elizabeth Pacifico, in the amount of P509,575.15.

	VS. EXEQUIEL D. ROBLES, PRISCILLA A. PARAS and CARLOTA MAGNO NPS Docket No. IV-28-INV-14H-0707 Estafa & Falsification and/or Estafa through Falsification	Orchard Residential Estate Gold and Club, Dasmarinas, Cavite	that is 100sqm more than the actual lot. Honrado claimed that out of the 759 sqm area specified in the title, only 659 is usable as the remaining 100sqm is part of a creek.	No further development. -
3	CLEOFAS KHOO VS. STA. LUCIA REALTY DEVT. CORP. INC., EXEQUIEL D. ROBLES, MARIZA SANTOS-TAN, THERESE MALUBAY AND ROSALIE TAMONDING HLURB Case No. RIV-060611-3461 Calamba, Laguna	Lot 3, Block 2, Phase 3, Royale Tagaytay Estate	On 30 June 2014, Khoo filed a Complaint against SLRDI and its directors for the immediate delivery of title over her property or, in the alternative, refund her payment of P920 Thousand plus 12% interest per annum calculated from December 2007, plus damages, for selling a subdivision lot without valid Certificate of Registration and License to Sell, as well as imposition of vexatious fees. Khoo acquired rights over the property by virtue of a Transfer of Rights executed with the original buyer, Farah Padlan, on 21 February 2006. Khoo prayed that respondents be directed to deliver the title immediately or refund payments made plus 12% interest. Khoo also prayed for the payment of damages amounting to P130,000.00 and imposition of maximum penalty upon SLRDI for selling subdivision lots without the necessary license.	Respondents filed their Position Paper on 30 September 2014 claiming that Khoo has no cause of action since TCT No. 66906 in the name of Tomas Tanchip & Sons, Bagong Anyo Textile Enterprises (50%) and SLRDI (50%) has been delivered to her. There is no basis to file the complaint since title has been delivered. The Position Paper was filed on 30 September 2014 by registered mail. No further development. -

4	SOCIAL SECURITY SYSTEM (“SSS”) VS. STA. LUCIA WATERWORKS CORPORATION CA G.R. SP No. 138064 (SSS Case No. 1-16266-06)	N/A	On 11 January 2006, SSS filed a Petition against Sta. Lucia Waterworks Corporation and Exequiel D. Robles as President thereof for failure to remit the monthly contributions and unpaid salary/calamity loan of its employees in the amount of P843,198.54, inclusive of penalty, from July 1997 to April 2004. The Petition was later amended recognizing payments earlier made and changed to P822,419.52 for unpaid contributions from May 1997 to July 2006. The Social Security Commission directed the company to pay P901,469.28. The amount was increased due to the additional loan delinquency of its separated employees. The decision became final and executory on 20 December 2012. On 20 November 2014, respondent company filed a Petition for the Annulment of Judgment with CA.	Petition was dismissed on 10 December 2014 based on the following: (i) annulment of judgment applies only to final orders of RTC; (ii) no written explanation on why service and filing were not done personally. The petition cannot be a substitute for a lost appeal. This decision attained finality on 06 January 2015. Only Sta, Lucia Waterworks Corporation was made liable to pay P901,469.28. Robles no longer appeared as a party in the case before the Commission. -

5	BAYBREEZE EXECUTIVE VILLAGE HOMEOWNERS ASSOCIATION VS. STA. LUCIA REALTY AND DEVELOPMENT CORP., EXEQUIEL D. ROBLES, VICENTE R. RAMOS, MARIBEL C. CRUZ, RS PROPERTY MANAGEMENT CORP. AND OTHER RESPONSIBLE OFFICER OF SLRDC OP Case No. _____ HLRUB Case No. NCRHOA-112613-1932	Baybreeze Executive Village, Taguig City	In November 2013, Baybreeze Executive Village Homeowners Association filed a complaint with the HLURB against SLRDC for its alleged inability to perform its duties as developer. It argued that the clubhouse is unmaintained, the low level road network are impassable when the entire village is flooded that regularly last from 2 to 6 months, there was the non-disclosure of the old leaky water piping system before the transfer of the water management to the association, and absence of concrete perimeter fence to protect the village from intruders. It was also discovered that respondents have yet to secure a Certificate of Completion despite lapse of more than 20 years since the start of development. Complainant prayed that respondents repair the foregoing and be barred from proceeding with all their on-going construction and development projects. On 11 December 2014, HLRUB held that respondents still have the obligation to provide and maintain the aforesaid facilities as there is yet no Certificate of Completion. Respondents were directed to complete the development of the project within 1 year from finality of the decision, to repair the clubhouse, to rehabilitate the drainage system, and to construct a perimeter fence. The Permits, Registration and Licensing Division was directed to (i) hold all applications for issuance of Certificate of Registration and/or license to sell filed by respondents, and (ii) cancel respondents' License to Sell for Baybreeze Executive Village.	On 05 June 2015, respondents filed their Appeal Memorandum with the Office of the President through registered mail. -

6	PTOLYME DIMENSIONS, INC. AND SIAPORE MICRO, INC. VS. STA. LUCIA REALTY DEVELOPMENT, INC., RS PROPERTY MANAGEMENT CORP., EAGLE RIDGE EXECUTIVE VILLAGE HOMEOWNERS' ASSOCIATION, INC., EAGLE RIDGE AREA HOMEOWNERS' ASSOCIATION, INC., EAGLE RIDGE AREA II HOMEOWNERS' ASSOCIATION, INC., EAGLE RIDGE GOLF AND RESIDENTIAL ESTATE AREA III HOMEOWNERS' ASSOCIATION, INC., EZXEQUIEL D. ROBLES, VICENTE R. SANTOS, AND REGISTER OF DEEDS COMMITTEE HLURB Case No. RIV-041315-0741 Calamba, Laguna	Eagle Ridge Residential Estate, Gen. Trias, Cavite	Complainants, as owners of various properties in the Eagle Ridge Residential Estate, are members of respondent homeowners' associations and are obliged to pay the necessary fees and charges pertaining to basic community services as well as special assessment. Complainants, however, claim that their contracts do not provide for the automatic membership with the respondent homeowners' associations. Thus, they should not be made liable to pay fees and charges being imposed upon them.	-
7	La Mirada Royale Homeowners Association, Inc. represented by its President, Oscar F. Oliveros vs. La Mirada Royale Residential I, II, III, IV and V Homeowners Association, Inc., represented by its President, Vicente R. Santos	La Mirada Royale Village, Plaridel, Bulacan	On 22 August 2013, a Complaint was filed against respondent homeowners association praying for the revocation of its Certificate of Registration on the ground that its incorporators/members are not owners or purchasers of a lot nor residents of La Mirada Royale Village in Plaridel, Bulacan. It was alleged that they are actually residents of Pasig City and Quezon City.	On 1 April 2015, Respondents filed their *Appeal Memorandum* with the Office of the President. Case is pending with the Office of the President.

	OP Case No. _______ HLURB Case No. NTR-HOA-082213-575 San Fernando, Pampanga		In their *Answer* dated 22 September 2013, respondents alleged that they are lot owners of La Mirada Royale Residential Subdivision and, as the owner/developer, has the obligation to initiate the organization of a homeowners association among the buyers and residents of the project for the purpose of promoting and protecting their mutual interest and assist in their community development. On 30 April 2014, HLURB ruled in favor of Complainant and ordered the revocation of respondents' Certificate of Registration. The appeal before the Commission was denied on 08 January 2015.	-
8	PELAGIO V. SORONGON VS. EXEQUIEL D. ROBLES VICENTE R. SANTOS MARIZA SANTOS-TAN EXALTACION R. JOSEPH LIBERATO D. ROBLES AURORA D. ROBLES WINIFREDO G. GOB et. al.	Lot 4, Block 19, Phase 1, Sun City	Estafa ***Complaint received on: Nov. 25, 2014***	-
9	DOMINADOR TAN VS. EXEQUIEL D. ROBLES AND SLRDI	Portion of SOUTH SPRING	Recovery of ownership and possession with application for the issuance of a temporary order and/or preliminary injunction ***Order received on: March 26, 2013***	-

Other than in the above-mentioned cases, the Registrant, its directors, officers or affiliates, any owner of record of more than 10% of its securities, or any associate of any such director, officer or affiliate, or security holder are not, to the knowledge of the Registrant, parties to any material legal proceeding during the past five (5) years up to date, including and/or involving any bankruptcy petition, conviction by final judgment, subject of an order, judgment or decree, and violation of a Securities or Commodities Law.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for the matters taken up during the Annual Meeting Stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The principal market of the common equity of the Registrant is the Philippine Stock Exchange, Inc. (PSE). Provided below is a table indicating the high and low sale prices of the common equity of the Registrant in the PSE for each quarter within the last two fiscal years and subsequent periods:

2015

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	10 Mar./P1.02	04 April/P.85	06 Aug./P.75	27 Oct./P0.82
LOW	31 Mar./P.80	05 Jun/P0.70	25 Aug/P.64	06 Oct./P0.70

2014

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	17 Mar./P.66	27 June/P.98	09 Jul./P1.2	16 Nov./P0.84
LOW	14 Feb./P.58	04 Apr/P0.66	31 July/P.85	20 Nov./P0.80

2013

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	6 March/P1.35	19 April/P1.05	23 Jul / P0.71	11 Nov / P0.71
LOW	2 January/P0.66	25 June/P0.58	28 Aug / P0.60	17 Dec / P.58

2012

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	9 March/P0.84	18 April/P0.79	6 Aug / P0.76	6 Dec / P0.74
LOW	2 January/P0.70	19 June/P0.66	27 Sep / P0.65	29 Nov / P.65

2011

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	06 Jan /P1.88	04 Apr/P1.15	01 July/P0.98	18 Nov/P0.83
LOW	28 March/P1.01	21 Jun/P0.80	26 Sept/P0.64	04 Oct /P0.67

As of December 29, 2015, the Registrant's shares stood at closing price of P0.78.

Holders

Based on the 31 December 2015 List of Stockholders prepared by the Registrant's Stock and Transfer Agent, PROFESSIONAL STOCK TRANSFER, INC., the Registrant has two hundred sixty five (265) shareholders of common shares, of which the top 20 shareholders are as follows:

TOP TWENTY STOCKHOLDERS
As of 31 December 2015

SHAREHOLDER	NO. OF STOCKS	PERCENTAGE
1. STA. LUCIA REALTY & DEVELOPMENT, INC	7,451,005,767	83.28%
2. PCD NOMINEE CORPORATION FILIPINO / OTHERS	1,566,825,607	17.51%
3 LUGOD, BERNARD D. FILIPINO	10,000,000	0.11%
4 DELA CRUZ, THOMAS EDWIN M. FILIPINO	10,000,000	0.11%
5 CITISECURITIES, INC. FILIPINO	3,250,000	0.04%
6 EBE CAPITAL HOLDINGS, INC. FILIPINO	1,535,000	0.02%
7 ROBLES, EXEQUIEL FILIPINO	712,500	0.01%
8 SANTOS, VICENTE FILIPINO	712,494	0.01%
9 LIMTONG, JULIE H. FILIPINO	400,000	0.00%
10 FRANCISCO ORTIGAS SEC., INC. FILIPINO	365,000	0.00%
11 CUALOPING, VICENTE FILIPINO	285,000	0.00%
12 TAN, PEDRO O. FILIPINO	278,050	0.00%
13 ASA COLOR & CHEMICAL INDUSTRIES, INC.	182,774	0.00%
14 G & L SECURITIES CO., INC. FILIPINO	70,000	0.00%
15 VALDEZ, AMBROSIO &/OR FELISA VALDEZ	50,000	0.00%
16 VILLAGONZALO, RAMESES VICTORIUS G	50,000	0.00%
17 LIMTONG, ANTHONY FRANCIS H. FILIPINO	40,000	0.00%
18 LIMTONG, GAIL MAUREEN H. FILIPINO	40,000	0.00%
19 LIMTONG, HARRY JAMES H. FILIPINO	40,000	0.00%
20 LIMTONG, JOHN PATRICK H. FILIPINO	40,000	0.00%

Total Outstanding Shares-8,946,450,000

Dividends

No cash dividends were declared for the year 2015. The payment of dividends in the future will depend upon the earnings, cash flow, project expenditures and financial condition of the Registrant and other considerations.

Cash and property dividends, if any, are subject to approval by the Registrant's Board of Directors and stockholders. Property dividends are likewise subject to the approval of the SEC and PSE.

Recent Sale of Unregistered Securities

None.

ITEM 6: MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

COMPARISON: YEAR END 2015 VS. YEAR END 2014

RESULTS OF OPERATIONS

Overview of Operations

A net income after tax of P676 million for the year 2015, 23% higher than the P549 million reported in 2014 is generated during 2015. Gross revenues posted at P3,104 million compared to P2,296 million of last year, 35% higher year on year. Revenues from real estate sales posted an increase of P235 million from that of last year followed by the 95% increase in rental income from P504 million to P984 million which was due to the change in internal operations. Increase in real estate sales was driven by strong performance in SLI's property segment.

Cost and expenses increased to P1,401 million from P1,029 million this year. Administrative and selling costs to revenues improved during the year by 51%. Earnings before tax generated is P973 million, 24% increase from last year.

Revenue

Revenue from real estate sales reached P1,681 million in 2015, 16% higher than 2014. This is driven by strong bookings and project completion across all real estate segment of the Company. Revenue from rental income posted a P480 million increase due to change in internal operations. A management services agreement was executed on lieu of the Lease contract which lets SLI book the gross revenue starting October 2014. Commission income during the year was generated by the Group's marketing unit Santalucia Ventures, Inc.

Also, a 27% increase in other income or equivalent to P42 million was booked during the year. This was due to significant gain recognized from repossession of inventory lots during 2015.

Cost and Expense

Cost of sales from real estate sales, together with the cost of rental income increased from 1,010 million to 1,395 million. The notable increase was due to strengthened performance of SLI's property segment and change in internal operations. In 2015, the 51% increase in administrative and selling expenses is attributable to professional services incurred for the bond offering and indirect expenses driven by the increase in revenues.

Net Income

The net income increased by 24% from P784 Million in 2014 to P973 Million in 2015. The increase was due to increase in real estate sales and rental income

PROJECT AND CAPITAL EXPENDITURES

A total of P1,516 million was spent for project and capital expenditures during 2015. The amount is accounted for the continuous development of the Registrant's existing residential and commercial projects. P179 million of the said amount is attributable for acquisition of raw lands situated mainly in Luzon for new residential and condominium project developments.

FINANCIAL CONDITION

Assets

Total Assets increased by P3,532 million during 2015, 20% higher than the amount as of December 2014. The significant increase from P17,838 million to P21,371 million of the total assets was due the increase of real estate sales and rental income as posted in the gross revenue. P2,099 million of the increase is attributable to the increase of cash due to the proceeds from bond issuances and increase in volume of collections.

Liabilities

An increase of 42% in total liabilities is reported by the Registrant amounting to P2,565 million. P2,412 million of the increase is attributable to bond issuances during December 2015 which was partially used to terminate significant portion of the existing loans payable to different financial institutions. Furthermore, continued development of existing projects and acquisition of various lands for future expansions also contributed in the significant increase in liabilities.

Equity

Total stockholders' equity increased by 8% amounting to P967 million during 2015. This is due to the net income reported during the year and sale of treasury shares amounting to P297 million.

Key Performance Indicators

	31-Dec-15	**31-Dec-14**
Current Ratio	**4.68**	**2.08**
Debt to Equity	**0.44**	**0.28**
Interest Coverage Ratio	**725.45%**	**691.39%**
Return on Asset	**3.16%**	**3.08%**
Return on Equity	**5.32%**	**4.68%**

*Notes to Key Performance Indicators:

1. Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans, income tax payable, and deferred tax liabilities*).
2. Debt to Equity = Total debt over shareholder's equity.
3. Interest Coverage Ratio = Earnings before tax over Interest expense.
4. Return on Asset = Net Income over Total Assets.
5. Return on Equity = Net Income over shareholder's equity.

There are no events that will trigger any direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships between the Registrant and unconsolidated entities were created during 2015.

Material Changes in the Balance Sheet (+/- 5%) as of December 31, 2015 versus the Balance Sheet as of December 31, 2014

1,808% increase in cash
This is mainly due to the improved collections of the company, rental operations of the mall as the tenants now pay directly to the Company starting October 2014. Proceeds from bond issuances also contributed in the increase.

8% increase in receivables
The increase is attributable to increased accounts receivable takeup due to increase in revenues recognized during the year.

11% increase in real estate inventories
Mainly due to extensive development of existing residential and commercial projects and acquisition of land for future expansions.

8% increase in other current assets
The increase primarily was due to the increase in prepaid commissions and contractor advances as an effect of the Company's aggressive marketing and developing activities.

12% increase in property and equipment
Mainly due to the purchase of transportation vehicles and office equipments to be used in operations

5% increase in investment properties
Mainly due to the refurbishment of the mall.

5% increase in accounts payable
Driven by the ongoing development of various projects of the company.

12% decrease in customer's deposits
Due to the improved collections from the customers.

75% increase in long term debts
Attributable to increased debts due to the public bond offering.

13% increase in income tax payable
Due the taxable operations of the Company.

35% increase in deferred tax liabilities-net
Mainly due to the recognition of the difference between tax and book basis of accounting for real estate transactions and other temporary differences.

55% increase in retained earnings
Attributed to the profitable operations, gains on investment properties, and revenues from real estate business operations.

18% decrease in treasury shares
Due to the sale of treasury shares during 2015.

72% increase in additional paid-in capital.
Due to the excess of proceeds from sale of treasury shares over its cost.

104% decrease in unrealized gain (loss) on pension
Attributed to the changes on pension settlement expectations.

Material Changes in the Income Statement (+/- 5%) for the year ended December 31, 2015 versus the Income Statement for the year ended December 31, 2014

16% Increase in real estate sales
Driven by the increased volume of real estate sales.

95% increase in rental income
Due to the change in internal operations of the Company whereby a management services agreement was executed in place of the lease agreement.

15% increase in interest income
Due to the mix of interest bearing buyers of the Company
66% decrease in construction income
Due to decreased number of construction of houses

26% increase in dividend income
Mainly due to increased dividend declaration of investee companies

35% increase in commission income
Mainly due to aggressive marketing strategies of subdivisions owned by SLRDI

27% increase in other income
Mainly due to the gain recognized during the year for the repossession of lot inventories from the buyers. Also, it's due to the increase in other operational income such as penalties and surcharges, processing fees, and income related to defaults of various buyers and cancelled sales.

36% increase in cost and expenses
Mainly due to the related increase in sales during the period.

230% increase in depreciation
Due to new property and equipment acquisitions during the year.

52% increase in commissions
Mainly due to directly proportional relation of real estate sales which increased during the year.

18% increase in interest expense
Due to the additional debts arising from the public bond offering and partial recognition of capitalized interest from previous years.

21% increase in taxes, licenses and fees
Due to increased taxes paid for transfer of land titles to customers. The increase was also due to documentary stamp taxes incurred for short term loans to various financial institutions.

34% increase in salaries and wages
Mainly due to the hiring of additional employees to cater to the increased volume of transactions and the release of employees' benefits for the whole year.

47% increase in advertising
Mainly due to aggressive marketing strategies which is in direct proportion to the increase in real estate sales.

200% increase in professional fees
Due to professional services paid for the public bond offering

254% increase in utilities
Mainly due to whole year recognition of utility expenses related to mall due to the change in internal operations of the Company whereby a management services agreement was executed in place of the lease agreement.

148% increase in repairs and maintenance
Mainly due to increased number projects already completed not yet turned over to home owners associations (HOA) and Condominium Corporations which incur repairs and maintenance for further upkeep.

199% increase in representation
Driven by strong performance in property development and settlement of permits and licenses.

106% increase in miscellaneous expense
Due to surcharges and penalties incurred in pretermination of loans to various financial institutions.

27% increase in provision for income tax
Due to the increase in taxable net income of the Registrant

COMPARISON: YEAR END 2014 VS. YEAR END 2013

RESULTS OF OPERATIONS

Overview of Operations

SLI generated net income after tax of P549 million for the year 2014, 83% higher than the P300 million reported in 2013. Consolidated revenues posted at P2,296 million compared to P1,327 million of last year, 73% higher year on year. Bulk of the revenues was recognized under real estate sales for an increase of P644 million from that of last year followed by the 42% increase in rental income from P355 million to P504 million which was due to the change in internal operations. Increase in real estate sales was driven by strong performance in SLI's property segment.

Cost and expenses increased to P1,029 million from P529 million this year. Administrative and selling costs to revenues improved during the year by 6%. Earnings before tax generated is P783 million, 80% increase from last year.

Revenue

Revenue from real estate sales reached P1,445 million in 2014, 80% higher than 2013. This is driven by strong bookings and project completion across all real estate segment of the Company. Revenue from rental income posted a P149 million increase due to change in internal operations. A management services agreement was executed on lieu of the Lease contract which lets SLI books the gross revenue starting October 2014. Commission income during the year was generated by the Group's marketing unit Santalucia Ventures, Inc.

Also, a 173% increase in other income or equivalent to P99 million was booked during the year. This was mainly due to the management income booked by the Company from a sale of property of its parent, SLRDI.

Cost and Expense

Total expenses for the year amounted to P1,513 million , 70% higher than P892 million posted in 2013. Cost of sales from real estate sales accounted the P340 million increase together with the in cost of rental income at P140 million. During the year 2014, the a 33% increase in selling and administrative expenses was recognized due to the related increase in commission expense driven by the increase in revenue from real estate sales.

Net Income

The Registrant's net income increase by 83% from P300 Million in 2013 to P548 Million in 2014. This increase was due to the sales take up in real estate sales and rental income,.

PROJECT AND CAPITAL EXPENDITURES

The Registrant spent P1,473 Million for project and capital expenditures during the year 2014, which is 8% higher than that spent in 2013. P1,423 Million of this amount is accounted for by the development of the Registrant's residential and commercial projects while the remaining was utilized for landbanking purposes. For 2015, the Registrant earmarked less than P2,000 Million for its project and capital expenditures, largely for the development of its ongoing projects and launching of new projects.

FINANCIAL CONDITION

Assets

Total Assets as of December 31, 2014 amounted to P17,838 Million, 4% higher than the P17,185 Million as of December 31, 2014. The significant increase was due to the booking of installment contracts receivable from the sales take up made during the year. Prepayments in construction and commissions also contributed to the growth of company financial condition. 7% increase in investment properties is accounted for the increase in assets.

Liabilities

The Registrant's availment of loans during the attributed to the P525 million increase in liabilities . Also, the continued constructions of projects and acquisitions of various lands for future expansions required a significant increase in its liabilities, including those related to construction contracts, supplies of materials, retentions, loans, taxes, land acquisitions and promotions, by 18% from the amount of P1,694 million as of December 31, 2014.

Equity

Total stockholders' equity decreased by 3% from the amount of P352 million as of December 31, 2014. This is due the buyback of shares amounting to P900 million was executed between SLI and SLRDI to settle intercompany advances.

Key Performance Indicators

	31-Dec-14	31-Dec-13
Current Ratio	**2.08**	**2.38**
Debt to Equity	**0.28**	**0.22**
Interest Coverage Ratio	**691.39%**	**354.51%**
Return on Asset	**3.08%**	**1.75%**
Return on Equity	**4.68%**	**2.48%**

*Notes to Key Performance Indicators:

1.Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans, income tax payable, and deferred tax liabilities*).
2.Debt to Equity = Total debt over shareholder's equity.
3.Interest Coverage Ratio = Earnings before tax over Interest expense.
4.Return on Asset = Net Income over Total Assets.
5.Return on Equity = Net Income over shareholder's equity.

There are no events that will trigger any direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships between the Registrant and unconsolidated entities were created during 2014.

Material Changes in the Balance Sheet (+/- 5%) as of December 31, 2014 versus the Balance Sheet as of December 31, 2013

281% Increase in cash
This is mainly due to the improved collections of the company and rental operations of the mall as the tenants now pay directly to the Company starting October 2014.

121% increase in receivables
Higher sales take up during the year and intercompany transactions within the group drove the increase

67% increase in other current assets
The increase primarily was due to the increase in prepaid commissions and contractor advances as an effect of the Company's aggressive marketing and developing activities.

63% increase in property and equipment
Mainly due to the purchase of transportation vehicles to be used in operations

8% increase in investment properties
Mainly due to the refurbishment of the mall,

11% increase in other non-current assets
Mainly due to long term deposits made relative mainly to project developments.

18% increase in accounts payable
Driven by the ongoing development of various projects of the company.

10% increase in customer’s deposits
Due to the prolonged down payment terms of various projects and also increase in customers’ reservation applications.

36% increase in income tax payable
Due the taxable operations of the Company.

20% increase in loans payable
This is due to loan availments of the Company to finance the working capital requirements

46% increase in deferred tax liabilities-net
Mainly due to the recognition of the difference between tax and book basis of accounting for real estate transactions and other temporary differences.

94% increase in pension liability
Attributed to the increase in actuarial valuations.

80% increase in retained earnings
Attributed to the profitable operations, gains on investment properties, and revenues from real estate business operations.

100% increase in treasury shares
Due to the settlement of intercompany advances between SLI and SLRDI which provides assignment of certain number of shareholding of SLRDI to SLI be assigned to the latter.

Material Changes in the Income Statement (+/- 5%) for the year ended December 31, 2014 versus the Income Statement for the year ended December 31, 2013

80% Increase in real estate sales
Driven by sales take up of previous years’ deferred revenue recognition as a result of longer down payment schemes for some of its projects.

42% increase in rental income
Due to the change in internal operations of the Company whereby a management services agreement was executed in place of the lease agreement.

6% decrease in interest income
Due to the mix of interest bearing buyers of the Company

173% increase in other income
Mainly due to the management income booked during the year for the sale of property by SLRDI. Also, it’s due to the increase in other operational income such as penalties and surcharges, processing fees, and income related to defaults of various buyers and cancelled sales.

285% increase in commission income
Aggressive sales and marketing activities of the marketing vehicle of the Group

81% increase in cost and expenses
Mainly due to the related increase in sales during the period.

134% increase in commissions
Mainly due to directly proportional relation of real estate sales which increased during the year.

11% increase in interest expense
Due to the additional loans granted by various banks to the Registrant and partial recognition of capitalized interest from previous years.

41% increase in salaries and wages
Mainly due to the hiring of additional employees to cater to the increased volume of transactions and the release of employees' benefits for the whole year.

39% decrease in advertising
Attributable to the cost efficiency measures of the Company and transfer of some marketing expenses to the marketing arms of the Company.

74% decrease in provision for income tax
Due to the increase of realized taxable sales and other taxable income of the Registrant

COMPARISON: YEAR END 2013 VS. YEAR END 2012

RESULTS OF OPERATIONS

Overview of Operations

For the year ended December 31, 2013, SLI net income registered a year on year decrease of 4%from P311 Million in 2012 to P300 Million in 2013. The Registrant declared total comprehensive income of P302 Million for the year 2012, 42% lower than the P519 Million generated in the year 2012. Percentage of real estate sales is 62% and 72% from the total revenues in 2013 and 2012, respectively. The Company showed a flat performance during the year.

Rental income and other income decreased from 2012 to 2013 by 8%. Operating income decreased by P33 Million, or by 7%, from 2012 to 2013. Although the percentage of the Registrant's general and administrative expenses to total revenue increased by 36% from 2012 to 2013, said increase is reasonable considering the expanding operations of the Registrant.

Revenue

For the year 2012, the Registrant registered a 26% decline in its overall revenues attributed to the decline in commercial lot sales as the Company moves towards increasing its lease income from commercial lots. The deferred revenue recognition as a result of longer down payment schemes for some of its projects also contributed to the decline. The deferred revenues recognition led to a 139% increase in customers' deposits from P 282 Million to P673 Million. Revenues from rental operations, in particular, decreased due to decrease in mall occupancy due to various space renovations. Though the real estate revenue decreased, there was noted an increase in interest income and other income. This comprises mostly of interest income from interest bearing accounts receivables and surcharges and penalties of late buyers. The Registrant's overall revenues for the year 2013 amounted to P1,327 Million compared to P 1,793 Million for the year 2012.

Cost and Expense

Overall cost and expense decreased by 33% from P1,325 Million in 2012 to P892 Million in 2013. This is due to the decrease in real estate sales, which have corresponding costs of sales. There were also decreases in administrative expenses such as commissions, professional fees, taxes and licenses. During the year 2013, the Registrant increased its administrative staff, consultants, and development personnel to cope with the increase in the number of its development projects hence the increase in salaries and wages.

Net Income

The Registrant's net income decreased by 4% from P311 Million in 2012 to P300 Million in 2013. This decrease was due to decrease in real estate sales, rental income, increase in interest expense and additional manpower costs of the company to compete in the real estate market.

PROJECT AND CAPITAL EXPENDITURES

The Registrant spent P1,354 Million for project and capital expenditures during the year 2013, which is 7% higher than that spent in 2011. P1,306 Million of this amount is accounted for by the development of the

Registrant's residential and commercial projects while the remaining was utilized for landbanking purposes. For 2014, the Registrant earmarked less than P2,000 Million for its project and capital expenditures, largely for the development of its ongoing projects and launching of new projects.

FINANCIAL CONDITION

Assets

Total Assets as of December 31, 2013 amounted to P17,185 Million, 6% higher than the P16,236 Million as of December 31, 2012. The significant increase was due to continued construction development of various projects and various land acquisitions for future developments increased the total real estate inventory. Prepayments in construction and commissions also contributed to the growth of company financial condition.

Liabilities

The Registrant's continued sales and marketing efforts led to the significant increase of customer's deposit from P282 Million in 2012 to P673 Million in 2013. Also, the continued constructions of projects and acquisitions of various lands for future expansions required a significant increase in its liabilities, including those related to construction contracts, supplies of materials, retentions, loans, taxes, land acquisitions and promotions, by 2% from the amount of P1,399 million as of December 31, 2012 to P1,431 million as of December 31, 2013.

Equity

Total stockholders' equity increased by 3% from the amount of P11,782 million as of December 31, 2012 to P12, 085 million as of December 31. 2013. This was the result of the growth of Registrant's retained earnings by 77%.

Key Performance Indicators

	31-Dec-13	31-Dec-12
Current Ratio	**2.38**	**2.70**
Debt to Equity	**0.22**	**0.22**
Interest Coverage Ratio	**354.51%**	**491.13%**
Return on Asset	**1.75%**	**1.92%**
Return on Equity	**2.48%**	**2.64%**

*Notes to Key Performance Indicators:

3. Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans, income tax payable, and deferred tax liabilities*).
4. Debt to Equity = Total debt over shareholder's equity.
5. Interest Coverage Ratio = Earnings before tax over Interest expense.
6. Return on Asset = Net Income over Total Assets.
7. Return on Equity = Net Income over shareholder's equity.

There are no events that will trigger any direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships between the Registrant and unconsolidated entities were created during 2013.

Material Changes in the Balance Sheet (+/- 5%) as of December 31, 2013 versus the Balance Sheet as of December 31, 2012

53% Decrease in cash
Was required in having additional portfolio of project developments and expenditures during the year.

6% increased in real estate inventories
Direct effect of the Company's continuous developments of subdivision and condominium projects.

66% increase in other current assets
The increase primarily was due to the increase in prepaid commissions and contractor advances as an effect of the Company's aggressive marketing and developing activities.

149% increase in property and equipment
Mainly due to purchase of an ERP system that will cater the computerized accounting system requirements of the Company.

54% increase in other non-current assets
Mainly due to long term deposits made relative mainly to project developments.

139% increase in customer's deposits
Due to the prolonged down payment terms of various projects and also increase in customers' reservation applications.

100% increase in income tax payable
Due the taxable operations of the Company.

35% increase in deferred tax liabilities-net
Mainly due to the recognition of the difference between tax and book basis of accounting for real estate transactions and other temporary differences.

106% increase in pension liability
Attributed to the increase in man power element in the year 2013.

77% increase in retained earnings
Attributed to the profitable operations, gains on investment properties, and revenues from real estate business operations.

Material Changes in the Income Statement (+/- 5%) for the year ended December 31, 2013 versus the Income Statement for the year ended December 31, 2012

37% decrease in real estate sales
Attributed to the decline in commercial lot sales as the Company moves towards increasing its lease income from commercial lots. The deferred revenue recognition as a result of longer down payment schemes for some of its projects also contributed to the decline. The deferred revenues recognition led to a 139% increase in customers' deposits from P 282 Million to P673 Million.

8% decrease in rental income
Mainly due to the lower rental collection of the mall led by various space renovations.

36% increase in interest income
Due to the recognition of day 1 loss of non interest bearing receivables.

55% increase in other income
Mainly due to the increase in other operational income such as penalties and surcharges, processing fees, and income related to defaults of various buyers and cancelled sales.

48% decrease in cost of real estate
Mainly due to the decrease in sales which have corresponding costs.

38% decrease in commissions
Mainly due to directly proportional relation of real estate sales which decreased during the year.

8% increase in interest expense
Due to the additional loans granted by various banks to the Registrant and partial recognition of capitalized interest from previous years.

21% decrease in taxes, licenses and fees
Mainly due the cost efficiency measures of the Company.

45% decrease in professional fee
The decrease was due to the termination of contract from various consultant and professionals for the continuous project developments.

61% increase in salaries and wages
Mainly due to the hiring of additional employees to cater to the increased volume of transactions and the release of employees' benefits for the whole year.

9% decrease in advertising
Attributable to the cost efficiency measures of the Company.

12% decrease in repairs and maintenance
Due to the capitalization of maintenance to inventory accounts and lessened costs for the administration.

48% decrease in utilities expense
This was due to the decrease in costs in maintenance and utilities of subdivision projects.

19% increase in miscellaneous expenses
Mainly due to the increase in other expenses other than those detailed above.

61% increase in provision for doubtful accounts
Due to the identification of receivables that are unlikely to be collected.

99% decrease in other comprehensive income
Mainly to the minimal market appreciation of PRCI and MJCI stocks.

14% decrease in provision for income tax
Due to the decrease of realized taxable sales and other taxable income of the Registrant

COMPARISON: YEAR END 2012 VS. YEAR END 2011

RESULTS OF OPERATIONS

Overview of Operations

The Registrant declared total comprehensive income of P520 Million for the year 2012, 6% lower than the P555 Million generated in the year 2011. Net income amounted to P312 Million and P359 Million in 2012 and 2011, respectively, which represents a 13% decrease from 2011 to 2012. Bulk of the revenues is generated from real estate sales which comprised 72% and 65% of the total revenues in 2012 and 2011, respectively. The Company showed great performance in its real estate business.

Rental income and other income decreased from 2011 to 2012 by 7%. Operating income decreased by P37 Million, or by 5%, from 2011 to 2012. Although the percentage of the Registrant's general and administrative expenses to total revenue increased by 10% from 2011 to 2012, said increase is reasonable considering the expanding operations of the Registrant.

Revenue

For the year 2012, the Registrant registered a 39% growth in its overall revenues driven by higher bookings and steady progress on construction across the projects. Revenues from rental operations, in particular, decreased due to decrease in mall occupancy. Increases in interest income and other income also contributed to the increase of revenue. This comprises mostly of interest income from interest bearing accounts receivables and surcharges and penalties of late buyers. The Registrant's overall revenues for the year 2012 amounted to P1,793 Million compared to P 1,442 Million for the year 2011.

Cost and Expense

Overall cost and expense increased by 46% from P909 Million in 2011 to P1,325 Million in 2012. This is due to the increase in real estate sales, which have corresponding costs of sales. There were also increases in administrative expenses such as commissions, professional fees, salaries and wages, taxes and licenses, consistent with the continued growth and development of the company. During the year 2012, the Registrant increased its administrative staff, consultants, and development personnel to cope with the increase in the number of its development projects.

Net Income

The Registrant's total comprehensive income decreased by 6% from P555 Million in 2010 to P520 Million in 2012. This decrease was due to decrease in rental income, increase in advertising and promotions and additional manpower costs of the company to compete in the real estate market.

PROJECT AND CAPITAL EXPENDITURES

The Registrant spent P1,260 Million for project and capital expenditures during the year 2012, which is 58% higher than that spent in 2011. P1,197 Million of this amount is accounted for by the development of the Registrant's residential and commercial projects while the remaining P63 Million was utilized for landbanking purposes. For 2013, the Registrant earmarked less than P2,000 Million for its project and capital expenditures, largely for the development of its ongoing projects and launching of new projects.

FINANCIAL CONDITION

Assets

Total Assets as of December 31, 2012 amounted to P16,236 Million, 9% higher than the P14,849 Million as of December 31, 2011. The significant increase was due to the continued sales of infused and ongoing projects resulting in the increase of receivables. The continued construction development of various projects and various land acquisitions for future developments increased the total real estate inventory. Investments in financial assets and prepayments also contributed to the growth of company financial condition.

Liabilities

The Registrant's continued constructions of projects and acquisitions of various lands for future expansions required a significant increase in its liabilities, including those related to construction contracts, supplies of materials, retentions, loans, taxes, land acquisitions and promotions, by 17% from the amount of P1,194 million as of December 31, 2011 to P1,400 million as of December 31, 2012.

Equity

Total stockholders' equity increased by 5% from the amount of P11,263 million as of December 31, 2011 to P11,782 million as of December 31. 2012. This was the result of the growth of Registrant's retained earnings by 400%.

Key Performance Indicators

	31-Dec-12	**31-Dec-11**
Current Ratio	**2.53**	**2.75**
Debt to Equity	**0.22**	**0.19**
Interest Coverage Ratio	**491.13%**	**771.61%**
Return on Asset	**1.92%**	**2.42%**
Return on Equity	**2.64%**	**3.19%**

*Notes to Key Performance Indicators:

a. Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans, income tax payable, and deferred tax liabilities*).
b. Debt to Equity = Total debt over shareholder's equity.
c. Interest Coverage Ratio = Earnings before tax over Interest expense.
d. Return on Asset = Net Income over Total Assets.
e. Return on Equity = Net Income over shareholder's equity.

There are no events that will trigger any direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships between the Registrant and unconsolidated entities were created during 2012.

Material Changes in the Balance Sheet (+/- 5%) as of December 31, 2012 versus the Balance Sheet as of December 31, 2011

34% Decrease in cash
Was required in having additional portfolio of project developments and expenditures during the year.

53% increase in receivables
Mainly due to the increase in real estate sales driven by the new projects sold.

7% increased in real estate inventories
Mainly due to the increase in percentage of completed projects, acquisitions of prime properties and raw land for future development.

24% increase in other current assets
Mainly due to increase in input tax, prepaid commissions and revolving funds.

47% increase in available for sale financial assets
Mainly due to market appreciation of PRC and MJCI stocks.

24% increase in property and equipment
Mainly due to additional purchase of transportation equipments for sales and marketing activities.

48% increase in other non-current assets
Mainly due to the booking of various recoverable deposits and advances.

17% increase in accounts and other payables
Due to the continued constructions of vertical & horizontal projects.

120% increase in customer's deposits
Due to the increase in customers' reservation applications and low amount of payments received.

21% increase in loans payable
Mainly due to additional loan availments to finance the constructions of ongoing vertical and horizontal projects.

100% decrease in income tax payable
Due to the application of creditable tax withheld during the year.

80% increase in deferred tax liabilities-net
Mainly due to the recognition of the difference between tax and book basis of accounting for real estate transactions and other temporary differences.

106% increase in unrealized gain on AFS
Due to the market appreciation of PRCI and MJCI stocks

400% increase in retained earnings
Attributed to the profitable operations, gains on investment properties, and revenues from real estate business operations.

Material Changes in the Income Statement (+/- 5%) for the year ended December 31, 2012 versus the Income Statement for the year ended December 31, 2011

39% increase in real estate sales
Due to the increase in advertising and promotion activities especially to the new projects of the Registrant.

7% decrease in rental income
Mainly due to the lower occupancy rate of the mall.

11% decrease in interest income
Due to the recognition of day 1 loss of non interest bearing receivables.

105% increase in other income
Mainly due to the increase in other operational income such as penalties and surcharges, processing fees, and income related to defaults of various buyers and cancelled sales.

82% increase in dividend income
Result of Registrant's investments in various securities.

67% increase in cost of real estate
Mainly due to the increase in sales which have corresponding costs.

54% increase in commissions
Mainly due to increased efforts in selling activities by the Registrant's brokers and agents.

38% increase in interest expense
Due to the additional loans granted by various banks to the Registrant and partial recognition of capitalized interest from previous years.

74% increase in advertising
Due to the more aggressive marketing approach adopted in 2012 by the Registrant to meet its sales target

10% decrease in taxes, licenses and fees
Mainly due to amortization of taxes and licenses incurred in loan availments over its term.

40% decrease in professional fee
Due to the reduction of hiring of various consultants in the development of the projects and administrative functions.

77% increase in salaries and wages
Mainly due to the hiring of additional employees to cater to the increased volume of transactions and the release of employees' benefits for the whole year.

20% decrease in repairs and maintenance
Due to the capitalization of maintenance to inventory accounts and lessened costs for the administration.

50% increase in miscellaneous expenses
Mainly due to the increase in other expenses other than those detailed above.

100% increase in provision for doubtful accounts
Due to the identification of receivables that are unlikely to be collected.

6% increase in other comprehensive income
Mainly to the market appreciation of PRCI and MJCI stocks.

10% decrease in provision for income tax
Due to the decrease of realized taxable sales and other taxable income of the Registrant

COMPARISON: YEAR END 2011 VS YEAR END 2010

RESULTS OF OPERATIONS

Overview of Operations

The Registrant declared a total comprehensive income of P555 Million for the year 2011, 280% higher than the P146 Million generated in the year 2010. Net income amounted to P359 Million and P146 Million in 2011 and 2010, respectively, which represents a 149% increase from 2010 to 2011. Bulk of the revenues is generated from real estate sales which comprised 65% and 80% of the total revenues in 2011 and 2010 respectively.

Rental income and other income increased from 2010 to 2011 by 122% and 124%, respectively. Operating income increased by P289 Million, or by 18% increase, from 2010 to 2011. Although the percentage of the Registrant's general and administrative expenses to total revenue increased by 1% from 2010 to 2011, this represents a minimal increase considering the expanding operations of the Registrant.

Revenue

For the year 2011,the Registrant registered a 13% growth in its overall revenues despite the increased competition in the residential real estate market. Revenues from rental operations in particular increased greatly due to a shift in accounting policy from cash basis to the accrual basis coupled with an increase in mall occupancy. Increases in interest income and other income also contributed to the increase of revenue. The Registrant's overall revenues for the year 2011 amounted to P1,441 Million compared to P 1,275 Million for the year 2010.

Cost and Expense

Overall cost and expense decreased by 12% from P1,031 Million in 2010 to P908 Million in 2011. This is due to the decrease in real estate sales, which have corresponding costs of sales. On the other hand, administrative expenses such as commissions, professional fees, salaries and wages, taxes and licenses increased with the continued growth and development of the company. During the year 2011, the Registrant increased its administrative staff, consultants, and development personnel to cope with the increase in the number of development projects.

Net Income

The Registrant's total comprehensive income increased by 280% from P146 Million in 2010 to P554 Million in 2011. This increase was due to effective management of costs and expenses, stable growth in sales, the substantial increase in net revenues from commercial operations of its investment properties, dividends received and gains from investment in Philippine Racing Club (PRC) shares.

PROJECT AND CAPITAL EXPENDITURES

The Registrant spent P821 Million for project and capital expenditures during the year 2011, which is 69% higher than that spent in 2010. P798 Million of this amount is accounted for by the development of the Registrant's residential and commercial projects while the remaining P23 Million was utilized for landbanking purposes. For 2012, the Registrant earmarked less than P1,500 Million for its project and capital expenditures, largely for the development of its ongoing projects and launching of new projects.

FINANCIAL CONDITION

Assets

Total Assets as of December 31, 2011 amounted to P14,849 Million, 15% higher than the P12,877 Million as of December 31, 2010. The significant increase was due to the continued sales of infused and ongoing projects resulting in the increase of receivables. The continued construction development of various projects and various land acquisitions for future developments increased the total real estate inventory. Investments in financial assets also contributed to the growth of company financial condition.

Liabilities

The Registrant's continued constructions of projects and acquisitions of various lands for future expansions significantly increased its liabilities, including those related to construction contracts, supplies of materials, retentions, loans, taxes, land acquisitions and promotions, by 65% from the amount of P2,170 million as of December 31, 2010 to P3,586 million as of December 31, 2011.

Equity

Total stockholders' equity increased by 5% from the amount of P10,707 million as of December 31, 2010 to P11,262 million as of December 31. 2011. This was the result of the growth of Registrant's total comprehensive income by 280%.

Key Performance Indicators

	31-Dec-11	**31-Dec-10**
Current Ratio	**2.75**	**3.76**
Debt to Equity	**0.19**	**0.11**
Interest Coverage Ratio	**771.61%**	**428.04%**
Return on Asset	**4.20%**	**1.58%**
Return on Equity	**4.93%**	**1.36%**

*Notes to Key Performance Indicator:

1. Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans, income tax payable, and deferred tax liabilities*).
2. Debt to Equity = Total Debt over shareholder's equity.
3. Interest Coverage Ratio = Earnings before tax over Interest expense
4. Return on Asset = Net Income over Total Assets
5. Return on Equity = Net Income over shareholder's equity.

There are no events that will trigger any direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships between the Registrant and unconsolidated entities were created during 2011.

Material Changes in the Balance Sheet (+/- 5%) as of December 31, 2011 versus the Balance Sheet as of December 31, 2010

103% increase in cash
Was the result of improved collections of receivables from buyers, increase in customer reservations and deposits, availments of bank loans and dividends received.

42% decrease in receivables
Mainly due to the improved collections of receivables from various customers and the shifting of current receivables to non-current portion.

9% increased in real estate inventories
Mainly due to the increase of percentage of completed projects, acquisitions of prime properties and raw land for future development.

424% increase in other current assets
Mainly due to increase in prepaid assets, input tax, prepaid commissions and revolving funds.

45% increase in noncurrent installment contracts receivables
Mainly due to shifting of receivables from current to non-current portion.

100% increase in available for sale financial assets
Mainly due to market appreciation of PRC stocks, of which the Registrant is the holder of more than 10% of the total number of outstanding shares.

317% increase in property and equipment
Mainly due to retirement of various equipment and software and acquisitions of various transportation equipment during the year.

100% increase in other non-current assets
Mainly due to the booking of various recoverable deposits and advances.

51% increase in accounts and other payables
Due to the continued constructions of vertical & horizontal projects.

17% increase in customer's deposits
Due to the increase in customers' reservation applications and low amount of payments received.

75% increase in loans payable
Mainly due to additional loan availments to finance the constructions of ongoing vertical and horizontal projects.

31% decrease in income tax payable
Due to the early payment of income tax due and utilization of creditable tax withheld during the year.

876% increase in deferred tax liabilities-net
Mainly due to the recognition of the difference between tax and book basis of accounting for real estate transactions.

128% decrease in deficit
Attributed to the profitable operations, gains on investment properties, and revenues from real estate business operations

Material Changes in the Income Statement (+/- 5%) for the year ended December 31, 2011 versus the Income Statement for the year ended December 31, 2010

122% increase in rental income
Mainly due to the shift in accounting policy on recognition of rental revenue from cash to accrual method.

18% increase in interest income
Due to the recognition of interest on sales on installment and the recognized accretion of discount from previous & current years' revenues.

90% increase in other income
Mainly due to the increase in other operational income such as penalties and surcharges, processing fees, sales of scrap materials, and income related to defaults of various buyers and cancelled sales.

100% increase in dividend income
Result of Registrant's investments in various securities

28% decrease in cost of real estate
Mainly due to the decrease in sales which have corresponding costs.

7% decrease in depreciation and amortization
Mainly due to the retirement of various equipment and software.

5% increase in commissions
Mainly due to reclassification of prepaid commission from prior years to commission expenses in 2011.

21% increase in interest expense
Due to the additional loans granted by various banks to the Registrant and partial recognition of capitalized interest from previous years.

26% decrease in advertising
Due to the more conservative marketing approach adopted in 2011 by the Registrant to meet its sales target.

324% increase in taxes, licenses and fees
Mainly due to the additional acquisitions of properties, securing of permits from various government agencies for the new projects and development, loans, and the increase of real estate property tax.

184% increase in professional fee
Due to the hiring of various consultants in the development of the projects, land acquisition and reclassification of various advances to professional fee.

62% increase in salaries and wages
Mainly due to the hiring of additional employees to cater to the increased volume of transactions and the release of employees' benefits for the whole year.

16% increase in repairs and maintenance
Due to the ordinary maintenance of various finished projects of the Registrant wherein maintenance and other repairs were necessary.

25% increase in utilities expense
The increase was due to the additional requirement of various subdivisions' maintenance, administrative, and other expenses.

92% increase in miscellaneous expenses
Mainly due to the increase in other expenses such as administrative and selling expenses for 2011.

78% increase in provision for income tax
Due to the increase of realized taxable sales and other taxable income of the Registrant.

Five (5) Key Performance Indicators

<u>On Sales</u>

The Registrant's marketing arms include:

1. Orchard Property
2. Royal Homes
3. Asian Pacific
4. Fil-Estate Marketing
5. Mega East
6. SantaLucia Ventures, Inc.

These marketing companies have been proven to be effective in carrying out the business plans of the Sta. Lucia Group. The combined sales force of these marketing units totals over 150,000, catering to clients all over the Philippines.

The Registrant is still looking into other marketing units that may supplement its growth. The Registrant is specifically looking for marketing firms that will accommodate its requirements and its marketing framework. With so many projects in sight and a diversified product line, there will always be opportunities for other marketing units.

On Technology Exploitation

The Registrant has made use of the expertise of NOAH Galleries software that is aimed at reducing costs, improving the quality of all processes involved in development, as well achieving accuracy involving all of its business operations. This software covers the following modules: Project Development; Accounts Payable ; Real Estate Sales; and Financials which comprise the complete operation of the Registrant, namely property development. This software is expected to increase the efficiency and productivity of the Registrant, as well as the quality of the processes involved in property development. The migration of data to the SAP software started in June 2013 and adjustments are continuously being made to further improve the system and cater to the Registrant's needs.
.
In addition to the software, the Registrant's website, developed by CETT Computer Education Network can now be accessed by prospective buyers and investors through the web address www.stalucialand.com.ph. The website contains the list of lots for sale, a lot map, and a reservation system, which will enable clients to make on-line reservations. This website is expected to improve client convenience and also serve as a marketing tool.

On Inventory Optimization

The Registrant has in its portfolio a total of 2,271,220.52 square meters of residential, commercial and mixed use properties from the 26 properties infused by SLRDI. Moreover, there are additional joint venture projects that are executed during the year by the Registrant.

Plans have been discussed and are currently being implemented on the disposal of the said properties, which will enhance the sales figure and bottom line of the Registrant. On average, most of these projects have to be sold over a period of three to four years. Developments shall also take two to three years.

On Organization Design

Please refer to Employees/Officers in Item I

On Managing Change

The Registrant now has the assistance of professionals leading its reorganization and is still in the process of hiring highly-skilled professionals who will be involved in the daily operations of the company.

In addition, the creation of the Executive Committee and Management Committee will make decision making more responsive to the needs of the business.

Liquidity and Capital Resources

The Registrant was able to meet its capital requirements from its capital resources, including those obtained from borrowings and prepaid sales and internally generated cash.

Along with the cash that will be generated from the possible follow-on offer of shares, the Registrant is expected to have a sustainable level of liquidity in the following years.

The Registrant has a long line up of developmental activities in 2014, which it started in 2008 and this assures its solvency and profitability for the years to come. The infused assets continue to increase the expected cash flow of the Registrant from the sale of residential and commercial properties combined with the lease payments from SLEGM.

As shown in the balance sheet of the Registrant as of December 31, 2015, its debt-equity ratio amounts to 0.44.

The increased liquidity and the projected sustainability of the Registrant have given it the capacity to generate cash through other types of funding.

Factors that may have material effect on the Operations

Effects of Economic Conditions

The results of the Registrant's operations and financial condition are affected by the general economic condition in the Philippines, including inflation rates, interest rate levels and currency exchange rate movements. For instance, the general performance of the Philippine economy affects demand for residential and commercial products, and inflation affects the Registrant's costs and its margins.

Capital Expenditures

The Registrant's cash disbursement for project development and land banking amounted to P1,516 Million in 2015. For 2016, the Registrant allocated less than P2,000 Million for its capital expenditures, including P1,500 Million for project development and P500 Million for land acquisitions.

This will be funded by the Registrant's capital resources as mentioned above.

ITEM 7: FINANCIAL STATEMENTS

The audited consolidated financial statements are submitted herewith and can be found in the index portion.

ITEM 8: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On June 19, 2015, at the Annual Stockholders' Meeting, the Board agreed to retain SGV and Co. as the external auditor of the Registrant for the year 2015-2016. There are no disagreements with SGV & Co. on accounting and financial disclosure.

The following table shows the fees paid by the Registrant to its external auditor for the past three years: (VAT inclusive)

	Audit and Audit related fees	Tax Fees	Other Fees
2015	1,489,600*		
2014	1,232,000*		
2013	1,041,600*		
2012	985,600*		
2011	896,000*	-	-

*Relates only to audit fees; no other assurance and related services.

The Registrant's Audit Committee recommends the appointment of the external auditor to the Board of Directors which, in turn, recommends to the stockholders for their approval.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors

VICENTE R. SANTOS	Chairman
EXEQUIEL D. ROBLES	Director
MARIZA R. SANTOS-TAN	Director
ANTONIO D. ROBLES	Director
AURORA D. ROBLES	Director
ORESTES R. SANTOS	Director
SANTIAGO CUA	Director
JOSE FERDINAND R. GUIANG	Independent Director
OSMUNDO C. DE GUZMAN	Independent Director

Executive/Corporate Officers

VICENTE R. SANTOS	Chairman
EXEQUIEL D. ROBLES	President
MARIZA R. SANTOS TAN	Treasurer
AURORA D. ROBLES	Assistant Treasurer
DAVID M. DE LA CRUZ	Executive Vice-President
PATRICIA A. O. BUNYE	Corporate Secretary
PANCHO G. UMALI	Assistant Corporate Secretary

Resume of Directors/Executive Officers (covering the past five (5) years)

VICENTE R. SANTOS – Chairman

Term of Office	One (1) year (2014-2015)
Address	Evangelista St., Brgy. Santolan, Pasig City
Age	59
Positions Held	Executive Vice President, Sta. Lucia Realty & Development, Inc.; EVP, Valley View Realty Dev't Corp.; EVP, RS Maintenance & Services Corp.; EVP, Sta. Lucia East Cinema Corp.; EVP, Sta. Lucia Waterworks Corp.; EVP Rob-San East Trading Corp.; EVP, Sta. East Commercial Corp.; EVP, RS Night Hawk Security & Investigation Agency; EVP, Sta. Lucia East Bowling Center, Inc.; EVP, Sta. Lucia East Department Store, Inc.;Acropolis North, President; Lakewood Cabanatuan, Corporate Secretary Chairman, Orchard Golf& Country Club
Directorships held	Orchard Golf & Country Club; Eagle Ridge Golf & Country Club; Sta. Lucia Land, Inc.

EXEQUIEL D. ROBLES – President/Director

Term of Office	One (1) year (2014-2015)
Address	F. Pasco Avenue, Dumandan Compound, Santolan, Pasig City
Age	61
Citizenship	Filipino
Positions Held	President and General Manager, Sta. Lucia Realty & Development, Inc.; President, Sta. Lucia East Cinema Corporation; President, Sta. Lucia East Commercial Corporation; President, Sta. Lucia East Bowling Center, Inc.; President, Sta. Lucia East Department Store; President, Valley View Realty and Development Corporation; President, RS Maintenance & Services, Inc.; President, Rob-San East Trading Corporation; President, RS Night Hawk Security & Investigation Agency

Directorships Held	Sta. Lucia Realty & Development, Inc., Sta. Lucia East Cinema Corporation, Sta. Lucia Waterworks Corporation, Sta. Lucia East Commercial Corporation, Sta. Lucia East Department Store, Sta.Lucia East Bowling Center, Inc. Valley View Realty Development Corporation, RS Maintenance & Services, Inc.

MARIZA R. SANTOS-TAN – Treasurer

Term of Office	One (1) year (2014-2015)
Address	G/F, State Center II, Ortigas Avenue, Mandaluyong City
Age	58
Citizenship	Filipino
Positions Held	Vice President for Sales, Sta. Lucia Realty & Development, Inc.; Vice President, Valley View Realty Development, Inc.; Corporate Secretary, RS Maintenance & Services Corporation; Corporate Secretary, Sta. Lucia East Cinema Corporation; Corporate Secretary, Sta. Lucia Waterworks Corporation; Corporate Secretary, Rob-San East Trading Corporation; Corporate Secretary, Sta. Lucia East Commercial Corporation; Corporate Secretary, RS Night Hawk Security & Investigation Agency; Corporate Secretary, Sta. Lucia East Bowling Center, Inc.; Corporate Secretary, Sta. Lucia East Department Store, Inc.; President, Royale Tagaytay Golf& Country Club; Assistant Corporate Secretary, Alta Vista Golf & Country Club; Treasurer, Manila Jockey Club; Corporate Secretary, Worlds of Fun; Corporate Secretary, Eagle Ridge Golf & Country Club
Directorships Held	Sta. Lucia Realty & Development, Inc., Valley View Realty Development, Inc., Orchard Golf & Country Club, Alta Vista Golf & Country Club, Manila Jockey Club, True Value Workshop, Consolidated Insurance Company, Unioil Resources Holdings, Inc.; Ebedev

AURORA D. ROBLES – Assistant Treasurer/Director

Term of Office	One (1) year (2014-2015)
Address	The Alexandra Condominiums, Meralco Avenue, Pasig City
Age	50
Citizenship	Filipino
Positions Held	Purchasing Manager, Sta. Lucia Realty & Development, Inc.; Stockholder, Valley View Realty Dev't Corp.; Stockholder, RS Maintenance & Services Corp.; Chief Administrative, Sta. Lucia East Cinema Corp.; Chief Administrative, Sta. Lucia Waterworks Corp.; Chief Administrative, Rob-San East Trading Corp.; Stockholder, Sta. East Commercial Corp.; Stockholder, RS Night Hawk Security & Investigation Agency
Directorships Held	CICI General Insurance Corp.

ORESTES R. SANTOS – Director

Term of Office	One (1) year (2013-2014)
Address	Odyssey St., Acropolis, Quezon City
Age	55
Positions Held	Project Manager, Sta. Lucia Realty & Development, Inc.; President, RS Superbatch, Inc.
Directorships held	City Chain Realty

ANTONIO D. ROBLES – Director

Term of Office	One (1) year (2014-2015)
Address	Odyssey, Acropolis, Quezon City
Age	52
Positions Held	Stockholder, Sta. Lucia Realty & Development, Inc.; Stockholder, Valley View Realty Dev't Corp.; Stockholder, RS Maintenance & Services Corp.;Treasurer, Orchard Marketing Corporation; Stockholder, Sta. Lucia East Commercial Corp.;

	Stockholder, RS Night Hawk Security & Investigation Agency; Stockholder, Exan Builders Corp.; Owner, Figaro Coffee; Owner, Cabalen
Directorships held	Exan Builders Corp.

SANTIAGO CUA – Director

Term of Office	One (1) year (2014-2015)
Address	36 Roosevelt Street, San Juan, Metro Manila
Age	95
Citizenship	Filipino
Positions Held	Chairman and President, ACL Development Corporation; Chairman and President, Cualoping Securities, Inc.; Chairman and President, Filpak Industries, Inc.; Honorary Chairman, Philippine Racing Club;
Directorships held	ACL Development Corporation, Cualoping Securities, Inc., Filpak Industries, Inc., Philippine Racing Club, Inc., Ebedev

DAVID M. DE LA CRUZ – Executive Vice President

Term of Office	One (1) year (2014-2015)
Address	#31, La Naval Street Remmanville Subdivision Better Living, Paranaque
Age	50
Citizenship	Filipino
Positions Held	VP and CFO – Atlas Consolidated Mining and Development Corp., SAVP - Corporate Credit Risk Management - BDO – AC&D Corporate Partners; President / CFO – Geograce Resources Phils. Inc.; Vice President / Head of Sales Amsteel Securities Philippines Inc; Senior Manager – Investment Banking Deutsche Morgan Grenfell Hong Kong Limited; Acting General Manager & Marketing Head – UBP Securities / Manager - Investment Banking - UBP Capital Corporation; Senior Auditor, SGV & Co.

ATTY. PATRICIA A. O. BUNYE – Corporate Secretary

Term of Office	One (1) year (2014-2015)
Address	CVCLAW CENTER, 11th Avenue cor. 39th Street, Bonifacio Global City, Metro Manila
Age	48
Citizenship	Filipino
Positions Held	Senior Partner, Villaraza Cruz Marcelo & Angangco; Past President, Integrated Bar of the Philippines (Pasay, Parañaque, Las Piñas & Muntinlupa Chapter); Secretary, 15th House of Delegates National Convention, IBP; Past President, Licensing Executives Society Philippines
Directorships Held	Arromanche, Inc.; Baskerville Trading Corporation; Bay Area Holdings, Inc.; Belmont Equities, Inc.; Foundasco Philippines, Inc.; Go Home Bay Holdings, Inc.; Honfeur, Inc.; Kids Stuff Manufacturing, Inc.; Lawphil Investments, Inc.; Liberty Cap Properties, Inc.; Mianstal Holdings, Inc.; Quaestor Holdings, Inc.; Recruitment Center Philippines, Inc.; Westminster Trading Corporation; Winchester Trading Corporation; Windermere Marketing Corporation.

Independent Directors

JOSE FERDINAND R. GUIANG

Term of office	One (1) year (2014-2015)
Address	Unit 4 Cornhill Villas, Kaimito Ave. Town & Country Exec. Vill., Antipolo
Age	51
Citizenship	Filipino

Positions Held	President, Pharmazel Incorporated; Member, Filipino Drug Association, Inc.; Area Sales Supervisor, Elin Pharmaceuticals, Inc.

OSMUNDO C. DE GUZMAN, JR.

Term of office	One (1) year (2014-2015)
Address	Walnut cor. Redwood St. New Marikina Subd., San Roque, Marikina City
Age	61
Citizenship	Filipino
Positions Held	Treasurer, Sunflower Circle Corp.

Significant Employees

The entire workforce of the Registrant is considered significant as each of its employees has his own responsibilities which are supposed to achieve the Registrant's goals and objectives.

Family Relationships

EXEQUIEL D. ROBLES, ANTONIO D. ROBLES, AND AURORA D. ROBLES are siblings and they are first cousins with VICENTE R. SANTOS, MARIZA R. SANTOS-TAN, and ORESTES R. SANTOS, who are likewise siblings.

Involvement in Certain Legal Proceedings

Legal proceedings involving the Registrant's directors and officers are discussed in Item 3: Legal Proceeding above.

Other than in the above-mentioned cases, the Registrant, its directors, officers or affiliates, any owner of record of more than 10% of its securities, or any associate of any such director, officer or affiliate, or security holder are not, to the knowledge of the Registrant, parties to any material legal proceeding during the past five (5) years up to date, including and/or involving any bankruptcy petition, conviction by final judgment, subject of an order, judgment or decree, and violation of a Securities or Commodities Law.

ITEM 9: EXECUTIVE COMPENSATION

Summary Compensation Table

The Directors and Officers do not receive any form of compensation except for a per diem of Fifteen Thousand Pesos (Php15,000) per meeting of the Board of Directors.

Apart from the per diem, there are no standard arrangements or other arrangements between the Registrant and the directors and executive officers.

Executive Officers

Annual Compensation
2015

Name and Principal Position	**Salary***	**Bonus***	**Other Annual Compensation***
Executive Officers			
Vicente R. Santos – Chairman	XXX	XXX	XXX
Exequiel D. Robles – President/Director	XXX	XXX	XXX
Mariza Santos-Tan – Treasurer/Director	XXX	XXX	XXX
Aurora D. Robles – Assistant Treasurer/Director	XXX	XXX	XXX
David M. Dela Cruz – Executive Vice President	XXX	XXX	XXX
Patricia A.O. Bunye – Corporate Secretary	XXX	XXX	XXX

		Salary*	Bonus*	Other Annual Compensation*
Total for Above	Estimated	7,500	2,475	XXX
	Actual	7,450	2,580	XXX
All other officers** as a group unnamed				
	Estimated	2,500	500	XXX
	Actual	2,130	365	XXX

Annual Compensation
2014

Name and Principal Position		Salary*	Bonus*	Other Annual Compensation*
Executive Officers				
Vicente R. Santos – Chairman		XXX	XXX	XXX
Exequiel D. Robles – President/Director		XXX	XXX	XXX
Mariza Santos-Tan – Treasurer/Director		XXX	XXX	XXX
Aurora D. Robles – Assistant Treasurer/Director		XXX	XXX	XXX
David M. Dela Cruz – Executive Vice President		XXX	XXX	XXX
Patricia A.O. Bunye – Corporate Secretary		XXX	XXX	XXX
Total for Above	Estimated	7,500	2,475	XXX
	Actual	7,450	2,580	XXX
All other officers** as a group unnamed				
	Estimated	2,500	500	XXX
	Actual	2,130	365	XXX

ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Stockholders who/which are directly/indirectly the record/beneficial owners of more than 5% of the Registrant's voting securities as of 31 December 2015:

Title of class	Name and address of record owner and h relationship with issuer	Name of beneficial owner owner and relationship with record owner	Citizenship	No. of Shares	Percent
Common	Sta. Lucia Realty & Dev't., Inc. Ground Flr., State Center Bldg. II, Ortigas Avenue cor. EDSA Mandaluyong City	-same-	Domestic	7,451,005,767	83.28%

Security Ownership of Management

Directors/Officers & Nominees as of December 31, 2015

Title of class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Class
Common	VICENTE R. SANTOS Chairman	712,494	Filipino	0.01%
	Evangelista St., Brngy. Santolan, Pasig City	233,000		0.00%
Common	EXEQUIEL D. ROBLES President and Director	712,500	Filipino	0.01%
	F. Pasco Ave., Dumandan Compound, Santolan, Pasig City	230,000		0.00%

Common	MARIZA R. SANTOS-TAN			
	Treasurer and Director			
	G/F, State Centre II			
	Ortigas Avenue, Mandaluyong City	1	Filipino	0.00%
Common	AURORA D. ROBLES Assistant Treasurer and Director Alexandra Condominium, Meralco Ave.,			
	Pasig City	1	Filipino	0.00%
Common	ATTY. PATRICIA A.O. BUNYE Corporate Secretary 11th Avenue cor. 39th Street Bonifacio Global City, Metro Manila			
	Makati City	0	Filipino	0.00%
Common	DAVID M. DE LA CRUZ Executive Vice President 31 La Naval Street Remmanville Subdivision, Better Living Paranaque			
	SANTIAGO CUA	0	Filipino	0.00%
Common	Makati City			
	Director			
	36 Roosevelt Street			
	San Juan, Metro Manila	1,000	Filipino	0.00%
Common	ANTONIO D. ROBLES Director Odyssey St., cropolis, Quezon City	1	Filipino	0.00%
Common	ORESTES R. SANTOS Director Odyssey St., Acropolis, Quezon City	1	Filipino	0.00%
Common	JOSE FERDINAND R. GUIANG Independent Director #71 K-6 St., Camias Road,			
	Quezon City	1	Filipino	0.00%
Common	OSMUNDO C. DE GUZMAN, JR. Independent Director Walnut cor. Redwood St., New Marikina Subd.			
	San Roque, Marikina City	1	Filipino	0.00%

Title of class	Name of Beneficial Owner	Amount of Ownership as Director & Officers	Percent of Class
Common	DIRECTORS & EXECUTIVE OFFICERS	1,889,000	0.02%

Voting Trust Holders

The Registrant is not a party to any voting trust. No shareholder of the Registrant holds more than 5% of the outstanding capital stock of the Registrant through a voting trust or other similar agreements.

ITEM 12: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As previously disclosed, SLRDI entered into a Property-for-Equity Swap with the Registrant in exchange for 10,000,000,000 shares of the latter.

The Registrant's President, EXEQUIEL D. ROBLES, is the President and General Manager of SLRDI. The Registrant's directors, ANTONIO D. ROBLES, a stockholder of SLRDI, and AURORA D. ROBLES, the Purchasing Manager of SLRDI, are siblings of MR. EXEQUIEL D. ROBLES who are all first cousins of MARIZA R. SANTOS-TAN, the Vice-President for Sales of SLRDI, VICENTE R. SANTOS, the Executive Vice-President of SLRDI, and ORESTES R. SANTOS, Project Manager of SLRDI, who, in turn, are siblings.

A director/officer of ACL Development Corporation, namely SANTIAGO CUA is also a director of the Registrant.

PART IV – CORPORATE GOVERNANCE

ITEM 13: COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Registrant has complied, and will continue to comply, with the leading practices and principles on good corporate governance, as set forth in the Registrant's Manual on Corporate Governance in compliance with SEC Memorandum Circular No. 2, Series of 2009. Please see attached 2015 Annual Corporate Governance Report.

PART V – EXHIBITS AND SCHEDULES

ITEM 14: EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits

The Registrant has attached hereto as Annex "A" its Audited Financial Statements for the year ended 31 December 2015 together with the Registrant's Annual Report on SEC Form 17-A. The Registrant has not entered into any material contracts.

Reports on SEC Form 17-C

The following current reports have been reported by the Registrant during the year 2015 through official letters dated:

January 20, 2015
Press release : "Sta. Lucia Land, Inc. to capture country's broad based economic growth."

January 26, 2015
Press release: "Sta. Lucia Land, Inc. bullish on its housing subsidiary"

March 27, 2015
Press release: "SLI enters into new joint ventures; acquires more land."

April 16, 2015
Press release: “Sta. Lucia Land, Inc.'s 2014 Net Income Up By 83%”

April 22, 2015
Results of the Special Meeting of the Board of Directors dated 21 April 2015, Amendment to By-Laws and Notice of Annual or Special Stockholder’s Meeting

May 18, 2015
Press release: “Sta. Lucia Land, Inc. reported growth in its first-quarter results.”

June 19, 2015
Results of the Annual Shareholders Meeting and Organizational Meeting of the Board of Directors

July 30, 2015
Press release: “Publication of the SEC Notice regarding the Registration of Securities (Unsecured Fixed-Rate Peso Bonds)”

August 17, 2015
The Registrant posted a net income of P402 Million for the first half of the year.

October 16, 2015
Sta. Lucia Land, Inc. receives an "AA+" issuer rating, with a stable outlook, by the Credit Rating and Investors Services Philippines Inc. ("CRISP").

December 10, 2015
SEC pre-effective clearance for the registration of up to P3 Billion with an over-subscription option of up to P2 Billion Pesos worth of unsecured fixed-rate Peso Bonds comprised of Series A Bonds Due 2018 and Series B Bonds Due 2021. Also, Interest rates set by the issue manager for the Registrant's Peso-denominated retail bonds.

December 14, 2015
Order of Registration and Certificate of Permit to Offer Securities for Sale from the Securities and Exchange Commission for the Registrant’s unsecured fixed-rate Peso Bonds

December 18, 2015
Sta. Lucia Land, Inc. (“SLI”) entered into a Memorandum of Agreement with the Light Rail Transit Authority (“LRTA”) on 17 December 2015.

December 22, 2015
Sta. Lucia Land, Inc. ("SLI") lists in the Philippine Dealing and Exchange Corp. ("PDEx") on December 22, 2015.

December 22, 2015
Sale of Treasury Shares to Philippine Racing Club, Inc.

December 29, 2015
Sta. Lucia Land, Inc. (“SLI”) Record Date or the cut-off date in determining the existing Bondholders entitled to receive the interest or principal amount due on the Bonds

STA. LUCIA LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

SIGNATURES

Pursuant to the requirement of Section 17 of the Securities Regulation Code and Section 141 of the Corporate Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on 18 APR 2017

STA. LUCIA LAND, INC.
Issuer

VINCENTE R. SANTOS Chairman of the Board	**EXEQUIEL D. ROBLES** President / CEO
MARIZA R. SANTOS-TAN Treasurer	**CRYSTAL I. PRADO** Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 18 APR 2017 in MANDALUYONG CITY, affiants exhibiting to me their Community Tax Certificates, to wit:

Name	**Community Tax No.**	**Date/Place Issued**
VINCENTE R. SANTOS	08715597	January 12, 2017/ Cainta Rizal
EXEQUIEL D. ROBLES	08716113	January 12, 2017/ Cainta Rizal
MARIZA R. SANTOS-TAN	08715598	January 12, 2017/ Cainta Rizal
CRYSTAL I. PRADO	Roll of Attorneys No. 57242	May 2009/Ortigas, Pasig City

JERRY B. DELA CRUZ
Notary Public for Mandaluyong City
Until 31 December 2017
Appointment No. 0257-16
Roll Number 47018
IBP No. 1051601/01.03.17/RSM
PTR No. 3020251/01.04.17/Mandaluyong
MCLE Compliance No. V-0009664/08.13.16
G/F State Center II Bldg.
Ortigas Avenue, Mandaluyong City

Doc. No. 130;
Page No. 27;
Book No. XV;
Series 2017

STA. LUCIA LAND INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Sta. Lucia Land, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Vicente R. Santos,
Chairman of the Board

Exequiel D. Robles,
Chief Executive Officer

David M. Dela Cruz
Chief Financial Officer

Signed this 10th day of April 2017

APR 17 2017

SUBSCRIBED AND SWORN to before me, this ____ day of April 2017, affiant exhibiting to me their community tax certificates.

Doc. No. 19 ;
Page No. 4 ;
Book No. XI ;
Series of 2017

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not. Com. No. NP-060 1-12-17 until 12-31-2018
IBP O.R. No. 1038374 Jan. 2017 up to Dec. 2018
PTR O.R. No. 3881630 C 01-12-17
Roll No. 33832 / TIN #129-871-009
MCLE No. V-0019295 valid from 04/15/2016 until 04/14/2019/PASIG CITY
Address:31-F Harvard St. Cubao, Q.C.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	3	1	0	5	0				

COMPANY NAME

STA. LUCIA LAND, INC. AND SUBSIDIARIES

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

Penthouse Bldg. 3, Sta. Lucia Mall, Marcos Highway cor. Imelda Avenue, Cainta, Rizal

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	682-7711	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
264	06/16	12/31

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
David M. Dela Cruz	dmdelacruz@stalucialand.com.ph	681-7322	N/A

CONTACT PERSON's ADDRESS

Penthouse, Bldg. 3, Sta. Lucia East Grand Mall, Marcos Highway corner Imelda Avenue, Cainta, Rizal

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.*

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Sta. Lucia Land, Inc. and Subsidiaries
Penthouse, Bldg. 3 Sta. Lucia Mall,
Marcos Highway cor. Felix Avenue,
Cainta, Rizal

Opinion

We have audited the consolidated financial statements of Sta. Lucia Land, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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 are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recognition of real estate revenue and costs

The Group applies the percentage of completion (POC) method in determining real estate revenue and cost. The POC is based on the physical proportion of work and the cost of sales is determined based on the estimated project development costs applied with the respective project's POC. The Group's real estate revenue and cost accounts for 57% of total consolidated revenue and 61% of the total consolidated cost of sales for the year ended December 31, 2016, respectively. The estimation of the total cost of the real estate project requires technical inputs by management's specialists (project development engineers). In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Upon reaching this level of collection, management assesses that it is probable that economic benefits will flow to the Group because of the buyer's continuing commitment with the sales agreement. The assessment of the stage of completion and level of buyer's equity involves significant management judgment. Refer to Notes 2 and 3 for the relevant accounting policy and a discussion of significant estimates.

Audit response

We obtained an understanding of the Group's processes for determining the POC, including the cost accumulation process, and for determining and updating of total estimated cost. We obtained certifications of POC from the project development engineers. We assessed the competence, capabilities and objectivity of the project development engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced accumulated cost to the supporting documents such as progress billing and official receipts. For selected projects, we conducted an ocular inspection of the project sites, made relevant inquiries with project engineers, and obtained the latest approved estimated cost. We performed test computation of the percentage of completion calculation of management. We evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as official receipts.

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 for the year ended December 31, 2016, but does 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 for the year ended December 31, 2016 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 audits 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 audits, or otherwise appears to be materially misstated.

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 PFRSs, 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 Group'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 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 PSAs 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 PSAs, 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 Group'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 consolidated financial statements or, if such disclosures are

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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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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, related safeguards.

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 Cyril Jasmin B. Valencia

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-AR-1 (Group A),
May 12, 2015, valid until May 11, 2018
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5908770, January 3, 2017, Makati City

April 6, 2017

STA. LUCIA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 25)	**₱140,450,437**	₱2,215,001,603
Receivables (Notes 5, 18 and 25)	**2,519,501,079**	2,251,406,179
Real estate inventories (Note 6)	**11,952,808,030**	8,855,519,517
Other current assets (Note 7)	**2,493,446,377**	1,481,407,147
Total Current Assets	**17,106,205,923**	14,803,334,446
Noncurrent Assets		
Noncurrent installment contracts receivables (Notes 5 and 25)	**934,329,138**	798,468,774
Investment properties (Note 9)	**5,152,847,765**	4,983,804,483
Property and equipment (Note 10)	**63,332,909**	43,158,393
Available-for-sale financial assets (Notes 8 and 25)	**844,162,860**	722,683,658
Other noncurrent assets	**24,432,503**	19,335,851
Total Noncurrent Assets	**7,019,105,175**	6,567,451,159
	₱24,125,311,098	₱21,370,785,605
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 11, 18 and 25)	**₱2,800,006,747**	₱1,776,069,039
Short-term debt (Notes 13 and 25)	**2,395,561,865**	700,000,000
Customers' deposits (Note 12)	**908,656,284**	656,774,906
Income tax payable	**78,905,003**	32,803,900
Total Current Liabilities	**6,183,129,899**	3,165,647,845
Noncurrent Liabilities		
Long-term debt (Notes 13 and 25)	**3,934,916,004**	4,909,759,683
Pension liabilities (Note 19)	**3,678,338**	1,977,813
Deferred tax liabilities - net (Note 23)	**537,619,732**	593,693,864
Total Noncurrent Liabilities	**4,476,214,074**	5,505,431,360
Total Liabilities	**10,659,343,973**	8,671,079,205
Equity		
Capital stock (Note 14)	**10,796,450,000**	10,796,450,000
Additional paid-in capital (Note 14)	**330,004,284**	330,004,284
Retained earnings	**2,644,298,608**	1,913,919,919
Treasury shares (Notes 1 and 14)	**(740,000,000)**	(740,000,000)
Unrealized gain on fair value of available-for-sale financial assets (Note 8)	**435,787,892**	399,308,690
Remeasurement gains (losses) on pension liabilities	**(573,659)**	23,507
Total Equity	**13,465,967,125**	12,699,706,400
	₱24,125,311,098	₱21,370,785,605

See accompanying Notes to Consolidated Financial Statements.

STA. LUCIA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2016	2015	2014
REVENUE			
Real estate sales (Notes 3, 20 and 21)	**₱1,889,582,634**	₱1,680,680,817	₱1,445,350,119
Rental income (Notes 9, 18 and 22)	**852,490,997**	984,445,801	504,335,795
Interest income (Notes 4, 5 and 15)	**139,513,712**	125,433,255	83,443,459
Commission income	**105,239,098**	99,165,403	73,202,048
Construction income	**25,591,746**	9,404,488	28,036,774
Dividend income (Note 8)	**7,157,683**	7,157,683	5,673,449
Others (Note 16)	**273,352,497**	198,071,752	156,279,536
	3,292,928,367	3,104,359,199	2,296,321,180
COSTS OF SALES AND SERVICES			
Costs of real estate (Notes 6, 20 and 21)	**946,430,049**	799,986,609	761,459,659
Costs of rental income (Notes 9 and 16)	**581,212,249**	594,663,528	248,841,127
Costs of construction	**16,378,994**	5,980,313	19,039,099
	1,544,021,292	1,400,630,450	1,029,339,885
SELLING AND ADMINISTRATIVE EXPENSES			
Commissions	**278,861,526**	302,729,338	199,603,673
Taxes, licenses and fees	**100,385,982**	53,699,902	44,734,511
Salaries and wages and other benefits (Note 19)	**55,644,323**	55,468,201	41,387,406
Advertising	**50,979,006**	54,938,303	34,597,545
Repairs and maintenance	**30,196,053**	4,347,920	1,753,347
Professional fees	**20,828,646**	29,229,060	11,046,435
Depreciation and amortization (Note 10)	**20,017,865**	11,735,945	3,557,340
Utilities	**13,684,987**	13,884,181	3,926,680
Representation	**11,320,093**	22,599,775	7,549,044
Provision for doubtful accounts (Note 5)	**2,911,115**	3,658,747	–
Miscellaneous	**42,031,393**	41,308,319	20,100,950
	626,860,989	593,599,691	368,256,931
INTEREST EXPENSE (Notes 13 and 17)	**290,365,003**	136,680,717	115,007,836
INCOME BEFORE INCOME TAX	**831,681,083**	973,448,341	783,716,528
PROVISION FOR INCOME TAX (Note 23)	**101,302,394**	297,288,115	234,969,242
NET INCOME	**730,378,689**	676,160,226	548,747,286
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Unrealized gains (losses) on fair value of available-for-sale financial assets (Note 8)	**36,479,202**	(7,249,427)	(623,265)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains (losses) on pension liabilities - net of tax (Note 19)	**(597,166)**	560,955	(238,095)
	35,882,036	(6,688,472)	(861,360)
TOTAL COMPREHENSIVE INCOME	**₱766,260,725**	₱669,471,754	₱547,885,926
Basic/Diluted Earnings Per Share (Note 24)	**₱0.082**	₱0.079	₱0.073

See accompanying Notes to Consolidated Financial Statements.

STA. LUCIA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital stock (Note 14)	Additional paid-in capital (Note 14)	Treasury stock (Note 14)	Retained earnings	Unrealized gains (losses) on fair value of available-for-sale financial assets (Note 8)	Remeasurement gains (losses) on pension liabilities - net of tax (Note 19)	Total
				For the Year Ended December 31, 2016			
Balances as of January 1, 2016	**₱10,796,450,000**	**₱330,004,284**	**(₱740,000,000)**	**₱1,913,919,919**	**₱399,308,690**	**₱23,507**	**₱12,699,706,400**
Treasury shares	–	–	–	–	–	–	–
Comprehensive income							
Net income	–	–	–	**730,378,689**	–	–	**730,378,689**
Other comprehensive income (loss)	–	–	–	–	**36,479,202**	**(597,166)**	**35,882,036**
Total comprehensive income (loss)	–	–	–	**730,378,689**	**36,479,202**	**(597,166)**	**766,260,725**
Balances as of December 31, 2016	**₱10,796,450,000**	**₱330,004,284**	**(₱740,000,000)**	**₱2,644,298,608**	**₱435,787,892**	**(₱573,659)**	**₱13,465,967,125**
				For the Year Ended December 31, 2015			
Balances as of January 1, 2015	₱10,796,450,000	₱192,053,636	(₱900,000,000)	₱1,237,759,693	₱406,558,117	(₱537,448)	₱11,732,283,998
Treasury shares	–	137,950,648	160,000,000	–	–	–	297,950,648
Comprehensive income							
Net income	–	–	–	676,160,226	–	–	676,160,226
Other comprehensive income (loss)	–	–	–	–	(7,249,427)	560,955	(6,688,472)
Total comprehensive income (loss)	–	–	–	676,160,226	(7,249,427)	560,955	669,471,754
Balances as of December 31, 2015	₱10,796,450,000	₱330,004,284	(₱740,000,000)	₱1,913,919,919	₱399,308,690	₱23,507	₱12,699,706,400
				For the Year Ended December 31, 2014			
Balances as of January 1, 2014	₱10,796,450,000	₱192,053,636	₱–	₱689,012,407	₱407,181,382	(₱299,353)	₱12,084,398,072
Acquisition of treasury shares	–	–	(900,000,000)	–	–	–	(900,000,000)
Comprehensive income							
Net income	–	–	–	548,747,286	–	–	548,747,286
Other comprehensive loss	–	–	–	–	(623,265)	(238,095)	(861,360)
Total comprehensive income (loss)	–	–	–	548,747,286	(623,265)	(238,095)	547,885,926
Balances as of December 31, 2014	₱10,796,450,000	₱192,053,636	(₱900,000,000)	₱1,237,759,693	₱406,558,117	(₱537,448)	₱11,732,283,998

See accompanying Notes to Consolidated Financial Statements.

STA. LUCIA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱831,681,083**	₱973,448,341	₱783,716,528
Adjustments for:			
Interest expense (Notes 13 and 17)	**290,365,003**	136,680,717	115,007,836
Depreciation and amortization (Notes 9, 10 and 16)	**170,175,505**	168,540,862	125,280,851
Retirement expense (Note 19)	**847,432**	791,678	622,464
Loss on disposal of property and equipment	**–**	–	30,684
Dividend income (Note 8)	**(7,157,683)**	(7,157,683)	(5,673,449)
Fair value gain on repossessed inventory and gain from forfeited deposits (Notes 6 and 16)	**(32,439,532)**	(55,459,774)	(33,155,466)
Interest income (Notes 4, 5 and 15)	**(139,513,712)**	(125,433,255)	(83,443,459)
Operating income before changes in working capital	**1,113,958,096**	1,091,410,886	902,385,989
Changes in working capital:			
Decrease (increase) in:			
Receivables (Note 26)	**(327,531,678)**	(472,044,633)	(635,635,460)
Real estate inventories (Note 26)	**(2,781,767,777)**	(590,924,650)	446,628,649
Other current assets (Note 26)	**(1,013,832,955)**	(292,872,515)	(665,434,035)
Other noncurrent assets	**(5,096,652)**	(703,617)	(1,831,245)
Increase (decrease) in:			
Accounts and other payables (Note 26)	**944,087,538**	141,368,762	75,168,085
Customers’ deposits (Note 26)	**268,905,006**	(85,846,218)	70,542,708
Net cash generated from (used in) operations	**(1,801,278,422)**	(209,611,985)	191,824,691
Interest paid (including capitalized borrowing costs)	**(360,432,604)**	(178,787,134)	(142,682,298)
Interest received	**75,923,387**	81,930,477	64,490,387
Income taxes paid	**(109,225,772)**	(87,861,456)	(70,299,730)
Net cash generated from (used in) operating activities	**(2,195,013,411)**	(394,330,098)	43,333,050
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Note 9)	**(467,930,069)**	(230,989,501)	(461,001,666)
Available for sale-financial assets (Notes 8 and 26)	**(81,458,333)**	–	–
Property and equipment (Note 10)	**(40,192,381)**	(16,836,582)	(19,776,128)
Disposal of property and equipment	–	–	1,814,156
Dividends received	**9,740,326**	1,108,658	5,673,449
Net cash used in investing activities	**(579,840,457)**	(246,717,425)	(473,290,189)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans, net of transaction costs (Note 13)	**1,198,000,000**	6,611,000,000	1,214,732,531
Payment of loans (Note 13)	**(500,000,000)**	(4,179,291,986)	(691,492,411)
Proceeds from sale of treasury shares	**–**	297,950,648	–
Increase (decrease) in payable to related parties	**2,302,702**	10,318,682	(7,674,867)
Net cash provided by financing activities	**700,302,702**	2,739,977,344	515,565,253
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,074,551,166)**	2,098,929,821	85,608,114
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,215,001,603**	116,071,782	30,463,668
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱140,450,437**	₱2,215,001,603	₱116,071,782

See accompanying Notes to Consolidated Financial Statements.

STA. LUCIA LAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Sta. Lucia Land, Inc. (SLLI or the Parent Company) is a publicly-listed company incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 6, 1966 under the name Zipporah Mining and Industrial Corporation to engage in mining. On August 14, 1996, the Parent Company's Articles of Incorporation was amended to effect the following: (a) changing the corporate name to Zipporah Realty Holdings, Inc., and (b) transferring the original primary purpose to secondary purpose from being a mining firm to a real estate company, the primary purpose of which is to acquire by purchase, lease, donation, and to own, use, improve, develop and hold for investment, real estate of all kinds, improve, manage or dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances. On July 16, 2007, the Parent Company changed its corporate name from Zipporah Realty Holdings, Inc. to Sta. Lucia Land, Inc.

The end of the corporate life of the Parent Company is on December 5, 2016. On June 16, 2016, the SEC approved the extension of the Parent Company's life to another 50 years up to December 5, 2066.

The registered office address and principal place of business of the Parent Company and its subsidiaries (collectively referred to as the Group) is at Penthouse Bldg. 3, Sta. Lucia Mall, Marcos Highway corner Imelda Avenue, Cainta, Rizal.

The Group is 83.28% owned by Sta. Lucia Realty and Development Inc. (SLRDI or the Ultimate Parent Company).

On July 8, 2014, the Parent Company and the Ultimate Parent Company executed a deed of assignment of shares of stock wherein the parties agreed as follows:

1. The previous assignment by the Ultimate Parent Company of Saddle and Clubs Leisure Park was rescinded.
2. The Ultimate Parent Company will transfer 3,000 million shares of the Parent Company in favor of the latter as full payment for the ₱1,801.11 million advances to the former.

In 2014, 2,250 million shares covering ₱900.00 million of advances were issued back by SLRDI to the Parent Company and formed part of the Parent Company's treasury shares. This decreased the outstanding shares of the Parent Company from 10,796.45 million in 2013 to 8,546.45 million in 2014 (see Note 14).

On December 22, 2015, the Parent Company reissued 400 million treasury shares which increased the outstanding shares to 8,946.45 million in 2015 (see Note 14).

On September 30, 2014, the lease agreement on Sta. Lucia East Grand Mall (the Mall) between the Parent Company and Sta. Lucia East Commercial Corporation (SLECC), an affiliate, was terminated by both parties. Effective October 1, 2014, the existing lease agreements over the Mall spaces were directly between the Parent Company and the tenants. Prior to September 30, 2014, the Parent Company charges rental fee to SLECC, an amount equivalent to 90% of SLECC's net income excluding real property tax. SLECC charges management fee of 7% of the gross rental revenue from mall operations starting October 1, 2014 since SLECC still manages the mall operations, despite the change in lease arrangements.

As a result of the change in arrangement, the rental income of the Parent Company reflected in the consolidated statement of comprehensive income includes rental income directly from tenants for the period October 1, 2014 to December 31, 2014 amounting to ₱241.63 million and the rental fee from SLECC for the period January 1, 2014 to September 30, 2014 amounting to ₱262.71 million. The rental income for 2015 and 2016 reflects, on the other hand, rental income directly from tenants.

The accompanying consolidated financial statements were approved and authorized for issue by the Executive Committee and Audit Committee as delegated by the Board of Directors (BOD) on April 6, 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared using the historical cost basis, except for quoted available-for-sale (AFS) financial assets that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Group's functional currency and all values are rounded to nearest Philippine peso except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries, and the corresponding percentages of ownership of the Parent Company as at December 31:

		Effective percentage of ownership		
	Principal activity	**2016**	2015	2014
Sta. Lucia Homes, Inc. (SLHI)	Property development and construction	**100**	100	100
Santalucia Ventures Inc. (SVI)	Marketing and advertising	**100**	100	100

Subsidiaries are fully consolidated from the date of incorporation, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when the Parent Company 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. Specifically, the Parent Company controls an investee if, and only if, it has:

a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
b) Exposure, or rights, to variable returns from its involvement with the investee, and;
c) The ability to use its power over the investee to affect its returns

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

All intra-group balances and transactions, including income, expenses and dividends and gains and losses are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income (OCI) to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2016. Adoption of these pronouncements did not have any significant impact in the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and Philippine Accounting Standards (PAS) 28, *Investments in Associates and Joint Ventures*, *Investment Entities: Applying the Consolidation Exception*
  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method. These amendments are not applicable to the Group.

- Amendments to PFRS 11, *Joint Arrangements*, *Accounting for Acquisitions of Interests in Joint Operations*
  The amendments to PFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation

and the acquisition of any additional interests in the same joint operation. The Group has assessed the application of the new standard and concluded that it did not have significant impact to the financial statements.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the consolidated statement of financial position and present movements in these account balances as separate line items in the consolidated statement of income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its consolidated financial statements. Since the Group is an existing PFRS preparer, this standard would not apply.

- Amendments to PAS 1, *Presentation of Financial Statements*, *Disclosure Initiative*
  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRSs. They clarify the following:

  - That entities shall not reduce the understandability of their consolidated financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
  - That specific line items in the consolidated statement of income and other comprehensive income and the consolidated statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to consolidated financial statements
  - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  The Group has assessed that these amendments do not have significant impact on its consolidated financial statements upon adoption as it is already complying with the amended standard in its presentation.

- Amendments to PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets, Clarification of Acceptable Methods of Depreciation and Amortization*
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to deprciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. These amendments are applied prospectively and do not have any impact to the Group, given that the Group has not used a revenue-based method to depreciate or amortize its property, plant and equipment and intangible assets.

- Amendments to PAS 16 and PAS 41, Agriculture*: Bearer Plants*
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost

(before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance,* will apply. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

- Amendments to PAS 27, *Separate Financial Statements, Equity Method in Separate Financial Statements*
  The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements to PFRSs 2012 - 2014 Cycle

- Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations, Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- Amendment to PFRS 7, *Financial Instruments: Disclosures, Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- Amendment to PAS 19, *Employee Benefits, Discount Rate: Regional Market Issue*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- Amendment to PAS 34, *Interim Financial Reporting, Disclosure of Information 'Elsewhere in the Interim Financial Report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Standards Issued But Not Yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments are not expected to have any impact to the Group.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
  The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted. Application of amendments will result in additional disclosures in the 2017 consolidated financial statements of the Group.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. These amendments are not expected to have any impact on the Group.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted. These amendments are not expected to have any impact to the Group.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*
  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9. These amendments are not applicable to the Group.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact of this standard.

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group did not early adopt PFRS 9.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group’s financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group’s financial liabilities. The adoption will also have an effect on the Group’s assessment of its credit losses. The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate’s or joint venture’s interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted. These amendments are not expected to have any impact to the Group.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight. The Group is currently assessing the impact of this standard.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*
  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. These amendments are not expected to have any impact to the Group.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*
  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of adopting PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. These amendments are not expected to have any impact to the Group.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks and cash equivalents. Cash in banks earn interest at the prevailing bank deposit rate. 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 date of placement and are subject to insignificant risk of changes in value.

<u>Fair Value Measurement</u>
The Group measures AFS financial assets at fair value at each reporting date. The Group also discloses the fair value of certain loans and receivables, other financial liabilities and investment properties every reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

<u>Current and Noncurrent Classification</u>

The Group presents assets and liabilities in consolidated statement of financial position based on current/noncurrent classification. An asset is current when:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after reporting date.

The Group classifies all deferred tax liabilities and other liabilities as noncurrent.

Financial Assets and Financial Liabilities

Date of recognition

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial assets and financial liabilities

All financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial assets and financial liabilities measured at fair value through profit or loss (FVPL). Financial assets within the scope of PAS 39 are classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) financial assets, or AFS financial assets. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the financial assets were acquired or financial liabilities were incurred and whether they are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial assets and financial liabilities are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

As of December 31, 2016 and 2015, the financial assets of the Group are of the nature of loans and receivables and AFS financial assets while the financial liabilities pertain to other financial liabilities.

"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 profit or loss unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in 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 amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.
After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statement of comprehensive income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of comprehensive income.

Loans and receivables are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

As of December 31, 2016 and 2015, loans and receivables of the Group consist of cash and cash equivalents, receivables and noncurrent installment contracts receivables.

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables.

Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets include equity investments.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as "Unrealized gain (loss) on fair value of available-for-sale financial assets" in the other comprehensive income section of the consolidated statement of comprehensive income.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair values of unquoted equity instruments, then instruments are carried at cost less any allowance for impairment losses. The Group's AFS financial assets pertain to quoted and unquoted equity securities (Note 8).

Where the Group holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS debt investments are reported as interest income using the EIR.

Dividends earned on holding AFS equity investments are recognized in profit or loss as "Dividend income" when the right to receive payment has been established.

AFS financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from reporting date.

The Group's AFS financial assets pertain to both quoted and unquoted equity securities included under "Available-for-sale financial assets" account in the consolidated statement of financial position.

Other financial liabilities
Other financial liabilities pertain to financial liabilities not classified or designated as financial liabilities at FVPL where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash.
After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the effective interest rate.

As of December 31, 2016 and 2015, the Group's other financial liabilities consist of accounts and other payables (excluding statutory liabilities), short-term debt and long-term debt.

Debt Issuance Costs
Debt issuance costs represent costs arising from fees incurred to obtain loans. Debt issuance costs are deducted against loans payable and are amortized over the terms of the related borrowings using the EIR method.

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the original EIR of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as customer type, payment history, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

AFS financial assets
For AFS financial assets, the Group assesses at each financial reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below their costs. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of comprehensive income - is removed from other comprehensive income and recognized in profit and loss. In case of unquoted AFS, the Group obtains other basis of recoverable value such as the recent net asset value of the investee or forecast of financial performance of the investee. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

a. the right to receive cash flows from the asset has expired or
b. the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Real Estate Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation or will be occupied by the Group, is held as inventory and is measured at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated cost of completion and estimated cost to sell.

Cost includes the purchase price of land and those costs incurred for the development and improvement of the properties such as amounts paid to contractors for construction, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Other Current Assets
Other current assets are carried at cost and pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group. These include prepayments of construction costs and deferred portion of commissions paid to sales or marketing agents that are yet to be charged to the period the related revenue is recognized.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in residual value. Land is carried at cost less any impairment in value.

Construction in progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time that the relevant assets are available for their intended use.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives of the assets and included under “Costs of rental income” in the consolidated statement of comprehensive income. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties. The estimated useful lives of investment properties follow:

	Years
Land improvements	40
Buildings and improvements	40
Machinery and equipment	5 to 10

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment consists of 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 capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Office tools and equipment	3 to 5
Transportation equipment	5
Furniture and fixtures	3 to 5
Software	3 to 5

The useful life and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Interests in Joint Operations

Interests in joint operations represent one or more assets, usually in the form of real estate development, contributed to, or acquired for the purpose of the joint operations and dedicated to the purposes of the joint operations. The assets are used to obtain benefits for the operators. Each operator may take a share of the output from the assets and each bears an agreed share of the expenses incurred. These joint operations do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the operators themselves. Each operator has control over its share of future economic benefits through its share of the jointly operations. Contribution of the Group to the joint operations are included in real estate inventories.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that a nonfinancial asset (e.g., real estate inventories, other current assets, investment properties and property and equipment) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Customers' Deposits
Customers' deposits represent payment received from customer accounts which have not yet reached the minimum required percentage for recording real estate sale transaction. When the level of required payment is reached, sales are recognized and these deposits and down payments will be applied against the related receivable.

Under the percentage of completion method of recognizing sales for real estate, when a real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, cash received from customers are recorded under "Customers' deposits' account in the consolidated statement of financial position. It is also recognized when the cash received from customers is greater than the receivable from customers under percentage of completion. Subsequently, customers' deposits are applied against receivable from customers as a result of the recognition of sales through completion of the project.

Pension Liabilities
The Group has an unfunded, noncontributory defined benefit retirement plan covering substantially all of its qualified employees. The Group's pension liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Pension costs comprise the following:

- Service cost
- Interest on the pension liability
- Remeasurements of pension liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by independent qualified actuaries.

Interest on the pension liability is the change during the period in the pension liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the pension liability. Interest on the pension liability is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in the "Remeasurement gains (losses) on pension liabilities" are not reclassified to another equity account in subsequent periods.

Equity

The Group records capital stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds.

Retained earnings represent accumulated earnings of the Group less dividends declared. The individual accumulated retained earnings of the subsidiaries are available for dividend declaration when they are declared by the subsidiaries as approved by their respective BOD.

Treasury Shares

Treasury shares are recognized at cost and deducted from equity. No gain or loss is recognized in the profit and loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In arrangements where the Group is acting as the principal to its customers, revenue is recognized on a gross basis. However, if the Group is acting as an agent to its customers, only the amount of net commission retained is recognized as revenue. The Group has concluded that it is acting as principal in all of its revenue arrangements except for its commission income where the Group is acting as an agent. The following specific criteria must be met before revenue is recognized:

Real estate sales

For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial payment (buyers' equity) and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the percentage-of-completion method. In accordance with Philippine Interpretations Committee Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized receivables are included in the "Customers' deposits" account in the liabilities section of the consolidated statement of financial position.

If any of the criteria under the percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Customers' deposits" account in the consolidated statement of financial position.

For sales transactions with its supplier whereby the Group sells subdivision land and condominium units in exchange for the delivery of the equivalent value of construction materials or services, the same revenue recognition policy as above is applied, except that buyer's equity is measured based on the value of materials and services received to date. For materials and services received to date, pending recognition of sale, these are presented as "Offsetting payable" under Accounts and Other Payables until the criteria for revenue recognition are met.

Rental income
Rental income arising from operating leases on investment properties is recognized in the consolidated statement of comprehensive income as follows:

- Based on certain percentage of net income of operator after adjustments on shared expenses, as provided in the terms of the contract.
- Based on a straight-line basis over the term of the lease plus a certain percentage of sales of the tenants, as provided under the terms of the contract.

Construction income
Construction income on housing units is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion of costs incurred to date compared to the estimated total cost of the contract.

Interest income
Interest income is recognized as it accrues using the EIR method.

Commission income
Commission income on promotions and marketing services is recognized when services are rendered.

Dividend income
Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Others
Other income is derived from processing the registration of properties of buyers, collection from surcharges and penalties for late payments and income earned from development contracts which are recognized as revenue upon collection.

Other income also includes profit share in hotel operations which is derived from its share in rent income, net of operating expenses, from units in a specific property development which is being operated as a hotel by a third party. Income is recognized once share is established.

Cost of real estate
Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of real estate inventories sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Cost of rental income
Cost of rental income is mostly coming from depreciation, utilities and management fees. These are recognized as cost when incurred, except for depreciation which is recognized on a straight-line basis.

Cost of construction
Cost of construction includes all direct materials, labor costs and incidental costs related to the construction of housing units.

Cost and expenses
Costs and expenses are recognized in the consolidated statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Commission Expense
The Group recognizes prepaid commission when services are rendered by the broker. The commission is immediately charged to expense when the related customer account qualifies for revenue recognition.

Borrowing Costs
Interest and other financing costs incurred during the construction period on borrowings used to finance the acquisition and construction of a qualifying asset are capitalized as to the appropriate asset accounts (included in "Real estate inventories" account in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Group as lessor
Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease income is recognized on a straight-line basis over the lease term in the profit or loss. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating losses carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT over RCIT credits and unexpired NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are credited to or charged against income for the period.

Deferred tax relating to items recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

<u>Basic and Diluted Earnings Per Share</u>
Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Segment Reporting
The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 21.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

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.

Events After the Reporting Date
Post year-end events up to date when the consolidated financial statements are authorized for issue that provide additional information about the Group’s position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements, when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management’s evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group’s accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue recognition
Selecting an appropriate revenue recognition method for a particular sale transaction requires certain judgments based on the buyer’s commitment on the sale which may be ascertained through the significance of the buyer’s initial investment and the stage of completion of the project. In determining whether the sales price are collectible, the Group considers that initial and continuing investment of 20% of the net contract price for real estate development and sale would

demonstrate the buyer's commitment to pay. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of buyers' equity before allowing revenue recognition.

Distinction between real estate inventories and investment properties
The Group determines whether a property is classified as investment property or real estate inventories as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Real estate inventories comprises property that is held for sale in the ordinary course of business. Principally, this is residential and industrial property that the Group develops and intends to sell before or on completion of construction.

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

The Group's operating lease contracts are accounted for as cancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and cost recognition on real estate
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate is recognized based on the percentage of completion measured principally on the basis of the estimated completion of a physical proportion of the contract work based on the inputs of internal project engineers.

Estimating allowance for impairment losses on receivables
The Group maintains allowance for impairment losses at a level based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original EIR. Impairment loss is determined as the difference between the receivable's carrying balance and the computed present value. The collective assessment would require the Group to group its receivables based on the credit risk characteristics (e.g., industry, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. The assessment also considers that title of the property passes on to the buyer only when the receivable is fully collected. See Note 5 for the related balances.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

Evaluation of Net Realizable Value of Inventories
Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the real estate inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged, slow or non-moving or if their selling prices have declined in comparison to the cost. See Notes 6 for the related balances.

Evaluation of impairment of other non-financial assets (except inventories)
The Group reviews other current assets, investment properties and property and equipment for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's net selling price, except for assets where value in use computation is applied.

The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. See Notes 7, 9 and 10 for the related balances.

Recognizing deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

The Group did not recognize deferred tax assets from NOLCO amounting to ₱49.95 million and ₱46.72 million in 2016 and 2015 for the subsidiaries, respectively. The unrecognized deferred tax asset from NOLCO is not expected to be utilized by the subsidiaries as management assessed that there is no available taxable income against which the deferred income tax asset can be utilized (see Note 23).

Estimating pension costs
The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Pension liabilities amounted to ₱3.68 million and ₱1.98 million as of December 31, 2016 and 2015, respectively (see Note 19). In determining the appropriate discount rate,

management considers the interest rates of government bonds in the respective currencies with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Assumed discount rate is used in the measurement of the present value obligation, service and interest cost components of the pension expense. The mortality rate represents the proportion of current plan members who might demise prior to retirement. Further details about the assumptions used are provided in Note 19.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation (see Note 25).

4. Cash and Cash Equivalents

This account consists of:

	2016	2015
Cash on hand	**₱1,064,906**	₱1,144,906
Cash in banks	**139,385,531**	1,713,856,697
Cash equivalents	**–**	500,000,000
	₱140,450,437	₱2,215,001,603

Cash in banks earns interest at the prevailing bank deposit rates.

Cash equivalents include short-term placements made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest ranging from 0.15%% to 0.25%.

Interest income earned from cash in banks and cash equivalents amounted to ₱8.66 million, ₱0.40 million and ₱0.13 million in 2016, 2015 and 2014, respectively (see Note 15).

There is no cash restriction on the Group’s cash balances as of December 31, 2016 and 2015.

5. Receivables

This account consists of:

	2016	2015
Trade:		
Subdivision land	**₱1,445,694,520**	₱1,109,585,310
Condominium units	**391,721,008**	325,373,695
Receivable from related parties (Note 18):		
Trade	**834,175,338**	780,791,285
Non-trade	**529,432,761**	595,337,486
Advances to joint venture	**84,524,254**	64,142,169

(Forward)

	2016	2015
Advances to officers, employees and agents (Note 18)	**₱81,057,974**	₱132,006,827
Commission receivable	**48,578,411**	20,697,996
Accrued interest receivable	**44,061,855**	21,964,023
Receivable from tenants	**17,518,039**	10,273,707
Dividend receivable (Note 8)	**9,195,722**	11,778,365
Others	**15,387,397**	14,361,865
	3,501,347,279	3,086,312,728
Less unamortized discount	**35,625,351**	27,457,179
	₱3,465,721,928	₱3,058,855,549
Less allowance for doubtful accounts	**11,891,711**	8,980,596
	3,453,830,217	3,049,874,953
Less noncurrent installment contracts receivables	**934,329,138**	798,468,774
	₱2,519,501,079	₱2,251,406,179

Trade receivables primarily represent buyers' unpaid balances arising from real estate sales. These are collectible in monthly installments over a period of 1 year to 10 years and bear interest of 8% to 18% per annum computed daily based on the diminishing balance of the principal.

Trade receivables from related parties are composed of unremitted sales collections by related parties in behalf of the Group and uncollected rental income from a related party (see Note 18).

Non-trade receivables from related parties include set-up of receivables due to returned deposit on land rights to SLLI as a result of the rescission of the assignment of land rights (see Note 14), sale of lots to SLRDI and assumption of loan (see Note 18).

Advances to joint venture pertain to cash advances to land owners or joint venture partners for the property or land that will be developed.

Advances to officers, employees and agents pertain to loans granted to the Group's employees which are collectible through salary deduction, are noninterest-bearing and have various maturity dates. This also includes advances for liquidation pertaining to cash advances to custodians for site costs and administrative expenses and advances to sales agents for marketing activities which are replenished upon liquidation.

Commission receivable represents the uncollected and unbilled commission revenue for real estate sales services rendered to outside parties. This is equivalent to a certain percentage of the total contract price of properties sold.

Accrued interest receivable is derived from buyers under installment scheme which are due and demandable.

Receivable from tenants are derived from uncollected billed charges for mall rentals and utilities such as electricity, water, air conditioning and other reimbursable charges.

Dividend receivable pertains to cash dividend from AFS financial assets not yet received.

Other receivables primarily represent the Group's uncollected development income in a project in Antipolo, Rizal.

As of December 31, 2016 and 2015, receivables from sales of subdivision land and condominium units with a nominal amount of ₱1,837.41 million and ₱1,434.96 million, respectively, were recorded at fair value at initial recognition. The fair value of the receivables was obtained by discounting future cash flows using the applicable rates of similar types of instruments ranging from 5.19% to 7.94% and 5.06% to 7.19% in 2016 and 2015, respectively.

Movements in the unamortized discount of the Group’s receivables follow:

	2016	2015
Balance at January 1	**₱27,457,179**	₱22,984,775
Additions	**49,660,664**	42,311,890
Accretion from unamortized discount (Note 15)	**(41,492,492)**	(37,839,486)
Balance at December 31	**₱35,625,351**	₱27,457,179

Allowance for impairment losses were specifically identified as impaired. These pertain to trade receivables from outside parties. Movements in allowance for doubtful accounts follow:

	2016	2015
Balance at January 1	**₱8,980,596**	₱5,321,849
Provisions	**2,911,115**	3,658,747
Balance at December 31	**₱11,891,711**	₱8,980,596

Interest income arising from the Group’s trade receivables is detailed as follows (see Note 15):

	2016	2015	2014
Accretion from unamortized discount	**₱41,492,492**	₱37,839,486	₱29,836,721
Interest from interest-bearing receivables	**89,365,678**	87,197,544	53,478,315
	₱130,858,170	₱125,037,030	₱83,315,036

6. Real Estate Inventories

A summary of the movement in inventory is set out below:

	2016	2015
Balance at January 1	**₱8,855,519,517**	₱7,967,316,512
Construction and development costs incurred	**2,474,220,284**	1,337,248,263
Land acquired during the year	**1,464,057,790**	178,810,507
Repossessed real estate inventories	**28,000,511**	123,654,177
Capitalized borrowing costs (Notes 13 and 17)	**77,439,977**	48,476,667
Costs of real estate sales	**(946,430,049)**	(799,986,609)
Balance at December 31	**₱11,952,808,030**	₱8,855,519,517

Real estate inventories are stated at cost, which is lower than net realizable value. Inventories recognized as cost of sales under the caption “Costs of real estate” in consolidated statements of comprehensive income amounted to ₱946.43 million, ₱799.99 million and ₱761.46 million in 2016, 2015 and 2014, respectively.

The Group acquired various land for development amounting to ₱1,464.06 million and ₱178.81 million in 2016 and 2015, respectively. Initial stages of development are underway on these properties with a view to subsequent sale as subdivision, condominium or commercial space.

Repossessed real estate inventories represent previously sold lot inventories which are recorded back to inventories due to cancellation of sales due to buyers' default in payment. Upon transfer back to the Group, these are recorded at fair value less cost to sell and cost to complete at the time of transfer and are held for sale in the ordinary course of business. Gain on repossession of real estate inventories amounted to ₱15.42 million, ₱55.46 million and ₱33.16 million in 2016, 2015, and 2014, respectively (see Note 16).

No inventories were pledged as collateral to borrowings as of December 31, 2016.

7. Other Current Assets

This account consists of:

	2016	2015
Advances to contractors	**₱1,366,589,385**	₱963,560,935
Advances to lot owners	**463,011,341**	264,905,999
Prepaid commission	**249,661,080**	56,097,912
Input VAT - net	**243,614,316**	141,672,213
Advances to agents and brokers	**55,178,434**	–
Prepaid taxes	**36,638,137**	16,423,255
Others	**78,753,684**	38,746,833
	₱2,493,446,377	₱1,481,407,147

Advances to contractors represent payments made in advance for construction. The advances will be settled through recoupment against the contractors' billings.

Advances to lot owners consist of advance payments to land owners which will be applied against the selling price of the real properties that will be acquired. The application is expected to be within 12 months after the reporting date.

Prepaid commission pertains to payments to agents for sales commission on inventory units that are not yet recognized as sales during the year. These are recognized immediately as expense at the point when the related customer account qualifies for revenue recognition.

Input VAT - net represents tax imposed on the Group by its suppliers and contractors for the acquisition of services required under Philippine taxation laws and regulations. Current input VAT is applied against output VAT.

Advances to agents and brokers pertain to advances provided to brokers having branch offices in the country and abroad which are necessary in the conduct of business. This will be liquidated once used up for the purpose it was intended for.

Prepaid taxes pertain to creditable withholding taxes to be applied against future income tax payable and prepayments for registration of acquired lots.

Others consist mainly of prepayments related to mall operations and security deposits for short term leases, among others.

8. Available-for-Sale Financial Assets

This account consists of investments in:

	2016	2015
Quoted AFS financial assets	**₱323,374,968**	₱323,374,968
Unquoted AFS financial assets	**85,000,000**	–
Net unrealized gain on quoted AFS financial assets	**435,787,892**	399,308,690
	₱844,162,860	₱722,683,658

In 2016, SLLI acquired 12.5% ownership of Uni-Asia Properties, Inc. amounting to ₱85.00 million. The Group has established that it does not have control or significant influence on the said investee at the current level of ownership.

Change in market values of quoted AFS financial assets for the year recognized in OCI amounted to ₱36.48 million gain, ₱7.25 million loss and ₱0.62 million loss in 2016, 2015 and 2014, respectively.

Dividends earned from quoted AFS financial assets amounted to ₱7.16 million, ₱7.16 million and ₱5.67 million in 2016, 2015 and 2014, respectively.

Movements in the net unrealized gain on quoted AFS financial assets follow:

	2016	2015
Balances at January 1	**₱399,308,690**	₱406,558,117
Fair value change during the year	**36,479,202**	(7,249,427)
Balances at December 1	**₱435,787,892**	₱399,308,690

No AFS financial asset was pledged as collateral to borrowings as of December 31, 2016.

9. Investment Properties

The rollforward analyses of this account follow:

	2016					
	Land	**Land Improvements**	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Total**
Cost						
Balances at January 1	**₱1,607,845,000**	**₱44,259,000**	**₱3,841,185,016**	**₱412,409,000**	**₱–**	**₱5,905,698,016**
Additions	**158,200,000**	**–**	**4,396,908**	**–**	**156,604,014**	**319,200,922**
Balances at December 31	**1,766,045,000**	**44,259,000**	**3,845,581,924**	**412,409,000**	**156,604,014**	**6,224,898,938**
Accumulated Depreciation						
Balances at January 1	**–**	**8,851,802**	**583,114,531**	**329,927,200**	**–**	**921,893,533**
Depreciation (Note 16)	**–**	**1,106,475**	**107,810,265**	**41,240,900**	**–**	**150,157,640**
Balances at December 31	**–**	**9,958,277**	**690,924,796**	**371,168,100**	**–**	**1,072,051,173**
Net Book Value	**₱1,766,045,000**	**₱34,300,723**	**₱3,154,657,128**	**₱41,240,900**	**₱156,604,014**	**₱5,152,847,765**

	2015					
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Total
Cost						
Balances at January 1	₱1,607,845,000	₱44,259,000	₱3,461,466,368	₱412,409,000	₱–	₱5,525,979,368
Additions	–	–	379,718,648	–	–	379,718,648
Balances at December 31	1,607,845,000	44,259,000	3,841,185,016	412,409,000	–	5,905,698,016
Accumulated Depreciation						
Balances at January 1	–	7,745,325	469,233,155	288,686,300	–	765,664,780
Depreciation (Note 16)	–	1,106,477	113,881,376	41,240,900	–	156,228,753
Balances at December 31	–	8,851,802	583,114,531	329,927,200	–	921,893,533
Net Book Value	₱1,607,845,000	₱35,407,198	₱3,258,070,485	₱82,481,800	₱–	₱4,983,804,483

The aggregate fair value of the Group’s investment properties amounted to ₱7,934.86 million and ₱7,615.66 million as of December 31, 2016 and 2015. The appraised value as of December 31, 2015 was determined by an independent professional qualified appraiser which was updated with 2016 addition to derive at the fair value as of December 31, 2016. The fair value of the investment properties disclosed in the consolidated financial statements is categorized within Level 3 of the fair value hierarchy (see Note 25 for the valuation techniques and fair value hierarchy).

The fair value of investment properties was arrived at using Market Data Approach. In this approach, the value of the investment properties is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishing of comparable property by reducing reasonable comparative sales and listings within the area to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Total rental income arising from investment properties amounted to ₱852.49 million, ₱984.45 million and ₱504.34 million in 2016, 2015 and 2014, respectively. Real property taxes amounting to ₱15.33 million, ₱15.13 million and ₱14.83 million were incurred for the properties in 2016, 2015 and 2014, respectively.

The carrying value of the investment properties pertaining to Buildings 3 and 4 of Sta. Lucia East Grand Mall amounting to ₱3,442.43 million are pledged as collaterals on a loan facility agreement with a local bank as of December 31, 2014. The said property was released from the pledge as collateral in 2015.

In 2016, borrowing cost amounting to ₱14.48 million was capitalized in investment properties.

10. Property and Equipment

The rollforward analyses of this account follow:

	2016				
	Office Tools and Equipment	**Transportation Equipment**	**Furniture and Fixtures**	**Software**	**Total**
Cost					
Balances at January 1	**₱9,872,968**	**₱45,559,323**	**₱6,622,941**	**₱38,333,814**	**₱100,389,046**
Additions	**8,991,696**	**30,207,356**	**993,329**	**–**	**40,192,381**
Balances at December 31	**18,864,664**	**75,766,679**	**7,616,270**	**38,333,814**	**140,581,427**
Accumulated Depreciation and Amortization					
Balances at January 1	**5,751,737**	**17,343,622**	**3,118,286**	**31,017,008**	**57,230,653**
Depreciation and amortization	**2,224,766**	**14,171,985**	**1,067,801**	**2,553,313**	**20,017,865**
Balances at December 31	**7,976,503**	**31,515,607**	**4,186,087**	**33,570,321**	**77,248,518**
Net Book Value	**₱10,888,161**	**₱44,251,072**	**₱3,430,183**	**₱4,763,493**	**₱63,332,909**

	2015				
	Office Tools and Equipment	Transportation Equipment	Furniture and Fixtures	Software	Total
Cost					
Balances at January 1	₱8,839,249	₱32,373,550	₱4,277,426	₱38,062,239	₱83,552,464
Additions	1,033,719	13,185,773	2,345,515	271,575	16,836,582
Balances at December 31	9,872,968	45,559,323	6,622,941	38,333,814	100,389,046
Accumulated Depreciation and Amortization					
Balances at January 1	4,432,486	9,638,369	2,361,365	28,486,324	44,918,544
Depreciation and amortization	1,319,251	7,129,089	756,921	2,530,684	11,735,945
Balances at December 31	5,751,737	16,767,458	3,118,286	31,017,008	57,230,653
Net Book Value	₱4,121,231	₱28,215,701	₱3,504,655	₱7,316,806	₱43,158,393

The cost of fully depreciated property and equipment that are still in use amounted to ₱38.60 million and ₱32.90 million as of December 31, 2016 and 2015, respectively.

11. Accounts and Other Payables

This account consists of:

	2016	2015
Contractors payable	**₱1,426,545,768**	₱671,525,999
Offsetting payable	**771,992,197**	661,007,545
Joint venture payable	**117,250,553**	71,890,607
Accounts payable	**105,710,537**	94,942,236
Withholding tax payable	**89,434,900**	87,538,657
Retentions payable	**72,630,006**	47,946,811
Taxes and licenses payable	**54,303,501**	2,204,612
Accrued payables	**20,355,849**	17,208,192
Payable to related parties (Note 18)	**16,883,251**	14,580,549
Advances from shareholders (Note 18)	**16,346,102**	16,206,102
Interest payable (Note 13)	**11,368,678**	12,231,235
Others	**97,185,405**	78,786,494
	₱2,800,006,747	₱1,776,069,039

Contractors payable arises from progress billings received from contractors' unbilled completed work on the development of projects. These are non-interest bearing and are normally settled on 30 to 60-day terms.

The Group entered into offsetting agreements with its suppliers whereby the Group sells subdivision land and condominium units in exchange for the delivery of the equivalent value of construction materials or services in accordance with specifications stated in the purchase orders and as stated in the bid proposal. The value of materials and services received to date is recorded as "Offsetting payable" until the criteria for revenue recognition are met.

Joint venture payable pertains to the collection of the share of the joint venture partners collected by the Group and is normally remitted within 90 days from the date of collection.

Accounts payable are amounts due to suppliers which are noninterest-bearing and are normally settled on 15 to 60-day terms.

Withholding tax payable consists of taxes withheld for remittance to the government.

Retentions payable represents amounts withheld from payments to contractors as a guaranty for any claims against them. These are non-interest bearing and will be remitted to contractors at the end of the contract work.

Taxes and licenses payable are amounts due to local government units for the processing of registration fees and licenses related to the Group's land acquisitions.

Accrued payables mostly include utilities pertaining to mall operations and unpaid salaries by the Group and are normally settled on 15 to 60-day terms.

Commission payable pertains to balances due to marketing arms, agents and brokers for commission expenses for marketing efforts which are non-interest bearing and are normally settled on 30 to 60-day terms.

Other payables primarily consist of professional fees, documentary stamp tax, unearned rent, security deposits from tenants and mandatory employer's contributions which are noninterest-bearing and are normally settled within one year.

12. Customers' Deposits

The Group requires buyers of the residential condominium units and subdivision lots to pay a minimum percentage of the total selling price before revenue recognition. Customers' deposits represent the payment of buyers which have not reached the minimum required percentage of collection. When the level of required payment is reached by the buyer, the sale is recognized and customers' deposits are be applied against the related installment contracts receivable.

Customers' deposits amounted to ₱908.66 million and ₱656.77 million as of December 31, 2016 and 2015, respectively.

13. Long-term and Short-term Debt

Short-term debt

Below are the details of the short-term debt:

	2016	2015
Loans under revolving credit facility	**₱1,300,000,000**	₱500,000,000
Single payment short-term loan	**700,000,000**	200,000,000
Loans under notes facility	**398,000,000**	–
	2,398,000,000	700,000,000
Less unamortized debt issuance cost	**2,438,135**	–
	₱2,395,561,865	₱700,000,000

Loans under revolving credit facility agreement
In 2015, the Group borrowed ₱500.00 million, unsecured short-term loan from China Banking Corporation (CBC) with the loan principal and interest paid on January 25, 2016. The interest rate for the said loan is at 4.6875% p.a. and 5.2500% p.a. for the ₱225.00 million and ₱275.00 million loans, respectively.

On December 21, 2015, the Group borrowed unsecured ₱1,000.00 million 2-year term loan agreement with CBC payable in lump sum on December 21, 2017 through a single payment at a fixed rate of 5.8713% p.a. Interest on the loan shall be calculated based on a 30/360 day count basis and shall be paid quarterly in arrears every March 22, June 22, September 22 and December 22 of each year on the unpaid principal amount of the loan, starting on March 22, 2016.

As of December 31, 2016, the balance is reclassified as part of 'Short-term debt' as it becomes payable within 12 months from the reporting date.

In 2016, CBC granted the Group additional ₱500.00 million unsecured revolving credit facility, ₱300.00 million of which was drawn and payable upon maturity on May 29, 2017.
Interest is at 4.625% p.a. payable quarterly in arrears.

Single payment short-term loan
In 2015, the Group secured a clean loan from Amalgamated Investment Bancorporation and payable upon maturity on March 21, 2017 amounting to ₱200.00 million bearing 5% p.a. interest. The proceeds of the loan were used to finance the Group's working capital requirements. As of December 31, 2016 and 2015, the loan balance remained outstanding. On March 21, 2017, the Group rolled over the loan for another 90 days payable on June 19, 2017 at 5% p.a. interest.

On September 9, 2016, the Group obtained a clean loan line from Rizal Commercial Banking Corporation (RCBC) amounting to ₱500.00 million for working capital purposes with the loan principal and 4% p.a. interest payable upon maturity on September 4, 2017.

Loans under notes facility agreement
On September 30, 2016, the Group entered into another Local Currency Notes Facility with Banco De Oro, whereby the Group was granted an unsecured credit line facility amounting to ₱400.00 million. The Group availed ₱198.00 million and ₱200.00 million of the credit line on July 29, 2016 and November 10, 2016, respectively. The interest is payable on a monthly basis at 4.66% p.a. and 4.25% p.a. for the ₱198.00 million and ₱200.00 million loans, respectively, whereby the loan principals are payable upon maturity on July 29, 2017 and September 28, 2017, respectively.

Long-term debt

Below are the details of the long-term debt:

	2016	**2015**
Bonds		
Series A Bonds	**₱2,000,000,000**	₱2,000,000,000
Series B Bonds	**2,000,000,000**	2,000,000,000
Loans under term facility agreement	**–**	1,000,000,000
	4,000,000,000	5,000,000,000
Less unamortized debt issuance cost	**(65,083,996)**	(90,240,317)
	₱3,934,916,004	₱4,909,759,683

Series A and Series B Bonds due in 2018 and in 2021
On December 22, 2015, the Group issued a total of ₱4,000.00 million Unsecured Fixed-rated Peso bonds, broken down into ₱2,000.00 million Series A Bonds due in 2018 at a fixed rate equivalent to 6.7284% p.a. and a ₱2,000.00 million Series B Bonds due in 2021 at a fixed rate equivalent to 6.7150% p.a. The Bonds have been rated by the Credit Rating and Investors Services Philippines Inc. on October 16, 2015. The bonds shall constitute the direct, unconditional, and unsecured obligations of the Issuer and shall at all times rank pari passu and ratably without preference among themselves and among any present and future unsecured obligations of the Issuer, except for any statutory preference or priority established under Philippine law.

The net use of proceeds of the bonds are intended to be used by the Group to fully refinance existing secured loans, for capital expenditure requirements, and/or general corporate purposes.

The Bonds shall be repaid at par (or 100% of face value), plus any outstanding interest, on the relevant maturity date of each series or on December 22, 2018 for the Series A Bonds and on March 22, 2021 for the Series B Bonds, unless the Group exercises its early redemption option for the Series A or Series B Bonds.

Interest on the Bonds shall be payable quarterly in arrears every March 22, June 22, September 22 and December 22 of each year, starting on March 22, 2016.

Among other debt covenants, the Group is required to maintain a maximum of debt-to-equity ratio of 1.50:1:00, a minimum current ratio of 1.00:1.00 and a minimum debt service coverage ratio of 1.25. The Group has complied with the debt covenants.

Debt services coverage ration means the ratio of: (i) Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) to (ii) total debt service reduced by the amounts raised for refinancing, by reference to the immediately preceding 12 months of the period review.

Interest expense from short-term and long-term debts amounted to ₱290.37 million, ₱136.68 million and ₱115.01 million in 2016, 2015 and 2014, respectively (see Note 17). Capitalized borrowing cost as part of real estate inventories and investment properties amounted to ₱91.92 million and ₱48.48 million in 2016 and 2015, respectively. Capitalization rate of 6.31% and 5.14% was used in 2016 and 2015, respectively. Unpaid interest as of December 31, 2016 and 2015 amounted to ₱11.37 million and ₱12.23 million, respectively.

14. Equity

As of December 31, 2016, 2015 and 2014, capital stock consists of:

	2016	2015	2014
Par value per share - ₱1.00			
Authorized common shares	**16,000,000,000**	16,000,000,000	16,000,000,000
Issued shares	**10,796,450,000**	10,796,450,000	10,796,450,000
Treasury shares	**1,850,000,000**	1,850,000,000	2,250,000,000
Outstanding shares	**8,946,450,000**	8,946,450,000	8,546,450,000

Below is the Parent Company's track record of registration:

a) The Parent Company was incorporated as Zipporah Mining and Industrial Corporation ('Zipporah Mining') on December 6, 1966 as a mining firm.
b) On September 14, 1987, the Parent Company launched its Initial Public Offering where a total of 20,000,000 common shares were offered at an offering price of ₱1.00 per share.

c) Subject to a restructuring program, the BOD of the Parent Company approved on November 22, 1995 the offering of up to 1,000,000,000 shares of stock out of the increase in the authorized capital stock from ₱50.00 million to ₱2,000.00 million at a par value of ₱1.00, to a group of investors led by the Ultimate Parent Company. This was subsequently approved and ratified by the stockholders in a Special Stockholders' Meeting on December 18, 1995.

d) On December 18, 1995, the stockholders of the Parent Company approved a number of changes in the corporate structure as part of its diversification scheme. These were:

   1. The change of its name to Zipporah Realty Holdings, Inc.;
   2. The increase in the number of directors from nine to 11;
   3. The waiver of the pre-emptive rights over the future issuances of shares;
   4. The change in the primary and secondary purposes;
   5. The change in the par value of its shares from ₱0.01 to ₱1.00; and
   6. The increase in its authorized capital stock to ₱2,000.00 million.

   The first four changes were approved by the SEC on August 14, 1996 while the last two corporate acts were approved on January 22, 1997.

e) On June 15, 2007, the BOD approved the following resolutions and was ratified by the stockholders on July 16, 2007:

   1. Change in Corporate name to Sta. Lucia Land, Inc.
   2. Increase in authorized capital stock of the Parent Company from ₱2,000.00 million divided into 2,000,000,000 shares to ₱16,0000.00 million divided into 16,000,000,000 shares or an increase of ₱14,000.00 million with a par value of ₱1.00 per share.
   3. Subscription of the Ultimate Parent Company of up to 10,000,000,000 shares out of the increase in the Parent Company's authorized capital stock; and
   4. Ultimate Parent Company's subscription to such shares shall be at par value, and the consideration for which shall be the assignment and transfer by the Ultimate Parent Company to the Parent Company of assets acceptable to the Parent Company at a reasonable discount on the fair market value of such assets. The fair value market value was determined by independent professionally qualified appraisers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and knowledgeable, willing seller in an arm's length transaction at the date of valuation.

   The above resolutions were ratified by the Parent Company's shareholders on July 16, 2007.

f) On December 8, 2007, the Parent Company and the Ultimate Parent Company executed various deeds of assignment wherein the Ultimate Parent Company assigned all its rights, title and interest to certain properties consisting of investment properties (Sta. Lucia East Grand Mall) amounting to ₱4,710.00 million and certain parcels of land amounting to ₱6,018.50 million and assumption of mortgage in the investment properties of ₱723.60 million. The investments of the Ultimate Parent Company through the said assignment of various properties, net of mortgage assumed, were recognized as additional outstanding shares of ₱10,000.00 million.

Below is the summary of outstanding number of shares and holders of security as of December 31, 2016:

Year	Number of Shares Registered	Number of Holders of Securities
January 1, 2015	8,546,450,000	269
Add/(Deduct) movement	400,000,000	(4)
December 31, 2015	8,946,450,000	265
Add/(Deduct) movement	−	(1)
December 31, 2016	8,946,450,000	264

Retained Earnings
In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of December 31, 2016 and 2015 amounted to ₱1,970.70 million and ₱1,325.67 million, respectively.

Treasury Shares
On July 8, 2014, the Parent Company and the Ultimate Parent Company executed a deed of assignment of shares of stock wherein the parties agreed as follows:

1. The previous assignment by the Ultimate Parent Company of Saddle and Clubs Leisure Park was rescinded (see Note 18).
2. The Ultimate Parent Company will transfer 3,000 million shares of the Parent Company in favor of the latter as payment for the ₱1,801.11 million advances to the former.
3. The parties agreed that the assignment of the 3,000 million shares will be in two tranches, as follows:

   a. Tranche 1 - 2,250 million shares covering ₱900.00 million of advances; and
   b. Tranche 2 - 750 million shares covering ₱901.11 million of the advances.

On October 8, 2014, the first tranche was executed and resulted to a decrease in the outstanding shares of the Parent Company from 10,796.45 million in 2013 to 8,546.45 million in 2014 due to treasury shares in the first tranche.

On December 22, 2015, the Parent Company reissued 400 million treasury shares at ₱0.75 per share increasing the outstanding shares to 8,946.45 million.

As of December 31, 2016, the second tranche was not yet executed by the Parent Company. Total remaining trade and nontrade receivable from SLRDI amounted to ₱718.25 million in 2016 and ₱737.78 million in 2015.

Additional Paid-in Capital
Upon issuance of the 400 million treasury shares, the excess of the reissuance over the cost of the treasury shares was recognized as additional paid-in capital from treasury shares amounting to ₱137.95 million. The Parent Company incurred related stock issue cost amounting to ₱2.05 million.

Capital Management
The primary objective of the Group’s capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks. The Group will manage its capital structure and make adjustments to it, in light of changes in economic decisions.

The Group’s sources of capital include all the components of the equity totaling ₱13.47 billion and ₱12.70 billion as of December 31, 2016 and 2015, respectively.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. The Group includes within debt, interest-bearing loans and external borrowings whether in the form of short term notes or long-term notes and bonds.

The following table shows how the Group computes for its net debt-to-equity ratios as of December 31, 2016 and 2015:

	2016	2015
Debt	**₱6,330,477,869**	₱5,609,759,683
Less: Cash (Note 4)	**140,450,437**	2,215,001,603
Net debt	**6,190,027,432**	3,394,758,080
Equity	**13,465,967,125**	12,699,706,400
Net debt-to-equity ratio	**46%**	27%

Financial risk assessment
The Group’s financial condition and operating results would not be materially affected by the current changes in credit, interest and liquidity conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group’s base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

15. Interest Income

This account consists of:

	2016	2015	2014
Interest income from:			
Trade receivables (Note 5)	**₱89,365,678**	₱87,197,544	₱53,478,315
Accretion from unamortized discount (Note 5)	**41,492,492**	37,839,486	29,836,721
Cash in banks and cash equivalents (Note 4)	**8,655,542**	396,225	128,423
	₱139,513,712	₱125,433,255	₱83,443,459

16. Cost of Rental Income and Other Revenue

Cost of rental income consists of:

	2016	2015	2014
Utilities	**₱361,650,518**	₱318,286,650	₱97,064,566
Depreciation (Note 9)	**150,157,640**	156,228,753	121,723,511
Management fee (Note 18)	**55,239,103**	64,060,798	15,400,551
Carpark maintenance	**11,617,698**	49,900,495	–
Manpower	**816,024**	765,160	366,637
Others	**1,731,266**	5,421,672	14,285,862
	₱581,212,249	₱594,663,528	₱248,841,127

Other revenue consists of:

	2016	2015	2014
Processing and registration fee	**₱76,812,832**	₱61,442,804	₱35,228,500
Surcharges and penalties	**60,805,298**	41,827,279	34,977,973
Fair value gain on repossessed inventory and gain from forfeited deposits (Note 6)	**32,440,532**	55,459,774	33,155,466
Profit share in hotel operations	**6,945,437**	3,100,433	2,498,150
Management income	–	–	45,763,393
Others	**96,348,398**	36,241,462	4,656,054
	₱273,352,497	₱198,071,752	₱156,279,536

Others mainly consists of income from nonrefundable collection from delinquent buyers and foreign exchange gains and losses.

17. Interest Expense

Interest expense consists of:

	2016	2015	2014
Interest expense on loans (Note 13)	**₱353,701,673**	₱177,505,023	₱142,422,572
Interest expense on bonds (Note 13)	**26,939,446**	7,280,174	–
Other financing charges	**1,647,114**	372,187	3,875,292
	382,288,233	185,157,384	146,297,864
Less capitalized borrowing costs (Notes 6, 9 and 13)	**(91,923,230)**	(48,476,667)	(31,290,028)
	₱290,365,003	₱136,680,717	₱115,007,836

18. **Related Party Transactions**

The Group in its regular conduct of business has entered into transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash and net receivable or payable balance per related party. The transactions are made at terms and prices agreed-upon by the parties.

The significant transactions with related parties follow:

a. The Parent Company, in the normal course of business, has transactions with SLRDI consisting of non-interest bearing advances for working capital requirements with no fixed repayment terms.

b. These are transactions and related receivable arising from sale of lots to SLRDI.

   Outstanding receivables from such sales amounted to nil and ₱33.96 million as of December 31, 2016 and 2015, respectively.

c. SLRDI has entered into a loan agreement with RCBC in prior years and has a loan balance of ₱285.88 million as of December 22, 2014. On the same date, SLRDI and SLLI entered into a memorandum of agreement whereby SLLI assumed the liability and the payment of SLRDI's financial obligation. As a result, SLLI recorded receivable from SLRDI for the principal and interest due. In 2015, SLLI paid the outstanding balance to RCBC.

d. Other transactions with SLRDI include noninterest-bearing cash advances for various charges for reimbursements of expenses on gasoline consumption of service vehicles, repairs and maintenance, supplies, rentals for project exhibits and advertising/marketing costs.

e. This pertains to the monthly amortization payment from the buyers of the Parent Company collected by SLRDI due to be remitted to the Parent Company.

f. In 2014, SLLI and SLRDI entered into several memorandums of agreements wherein SLLI undertakes the development and marketing of the several projects of SLRDI and has assumed the position of the development contractor and marketing arm. In consideration of the services rendered by SLLI, SLRDI has agreed to the following:

   - Colinas Verdes Bulacan Project - SLRDI has entered into a joint venture agreement with Araneta Properties, Inc. (API) for a proceeds sharing agreement of 60% SLRDI - 40% API share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture agreement and 12% marketing fee on the gross selling price of all sales made from the project;
   - Green Meadows Iloilo Project - SLRDI has entered into a joint venture agreement with AFP-Retirement and Separation Benefits System (ARSBS) for a lot sharing agreement of 55% SLRDI - 45% ARSBS share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project;
   - Ponte Verde Davao Project- SLRDI has entered into a joint venture agreement with Green Sphere Realty Corporation (GSRC) for a lot sharing agreement of 60% SLRDI - 40% GSRC share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project; and

- Valle Verde Davao Project - SLRDI has entered into a joint venture agreement with GSRC for a lot sharing agreement of 60% SLRDI - 40% GSRC share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project.

The share of SLRDI from the joint operations amounted to ₱159.86 million and ₱163.43 million in 2016 and 2015, respectively.

In the above arrangement, the share of SLRDI amounting to ₱65.08 million and ₱53.04 million are still to be remitted or offset against the receivable from SLRDI as of December 31, 2016 and 2015, respectively.

g. The Ultimate Parent Company made cash advances to SVI for the latter's working capital requirements.

h. Starting January 2011, SLLI entered into a lease agreement with SLECC, an affiliate with common key management personnel. The lease agreements convey to SLECC the lease of mall owned by SLLI. The agreement was automatically renewed every year. Since the inception of the lease, SLLI charges rental income to SLECC equivalent to 90% of its net income, gross of real property tax. This lease agreement was terminated on September 30, 2014.

   Effective October 1, 2014, SLLI directly entered into lease agreements with mall tenants. SLECC and SLLI, on the other hand entered into a management services agreement effective October 1, 2014 wherein SLECC will provide property management and business development services, leveraging its knowledge in the mall operations from the past years. In exchange of SLECC's services, SLLI shall pay SLECC a management fee equivalent to 7% of the gross rental revenue for managing mall operations including, repairs and maintenance and collection of space rental from storeowners or tenants.

i. These are receivable from affiliates which are tenants of the mall.

j. In 2016, SLLI advanced for preoperating costs for various expenses like registration fees, taxes and licenses fees to its marketing arm.

k. The Group made noninterest-bearing cash advances to officers and directors which will be liquidated upon completion of the business transaction.

l. The other shareholders advanced working capital to its subsidiary, SVI, to be used on administrative expenses related to selling properties.

The related amounts and outstanding balances from related party transactions in 2016 and 2015 follow:

	2016			
	Volume	**Receivable**	**Terms**	**Conditions**
Trade receivables (Note 5)				
Ultimate Parent Company (SLRDI)				
Sharing of expenses, collection from buyers collected by SLRDI, unremitted share of SLRDI and marketing fee (d, e and f)	**₱274,616,610**	**₱205,123,347**	Due and demandable; noninterest-bearing	Unsecured; no impairment
Affiliate (SLECC)				
Rental income and management fee (h)	**55,254,858**	**404,830,987**	Due and demandable; noninterest-bearing	Unsecured; no impairment
Affiliate (Mall Tenants)				
Rental income (i)	**103,675,707**	**224,221,004**	Due and demandable; noninterest-bearing	Unsecured; no impairment
		834,175,338		
Non-trade receivables (Note 5)				
Affiliate (Marketing Arm)				
Advances (j)	**16,309,714**	**16,309,714**	Due and demandable; noninterest-bearing	Unsecured; no impairment
Ultimate Parent Company				
Advances, sale of lots and assumption of loan (a, b and c)	**171,701,402**	**513,123,047**	Due and demandable; noninterest-bearing	Unsecured; no impairment
		529,432,761		
Key officers and directors (Note 5) (k)	**3,740,000**	**45,590,012**	Due and demandable; noninterest-bearing	Unsecured; no impairment
		₱1,409,198,111		

	2016			
	Volume	**Payables**	**Terms**	**Conditions**
Trade payables (Note 11)				
Ultimate Parent Company (SLRDI)				
Advances (g)	**₱13,628,263**	**₱16,883,251**	Payable on demand; noninterest-bearing	Unsecured
Advances from shareholders (l)	**140,000**	**16,346,102**	Payable on demand; noninterest-bearing	Unsecured
		₱33,229,353		

	2015			
	Volume	Receivable	Terms	Conditions
Trade receivables (Note 5)				
Ultimate Parent Company (SLRDI)				
Sharing of expenses, collection from buyers collected by SLRDI, unremitted share of SLRDI and marketing fee (d, e and f)	₱372,560,797	₱144,442,168	Due and demandable; noninterest-bearing	Unsecured; no impairment
Affiliate (SLECC)				
Rental income and management fee (h)	64,060,798	416,718,467	Due and demandable; noninterest-bearing	Unsecured; no impairment
Affiliate (Mall Tenants)				
Rental income (i)	219,630,650	219,630,650	Due and demandable; noninterest-bearing	Unsecured; no impairment
		780,791,285		
Non-trade receivables (Note 5)				
Ultimate Parent Company				
Advances, sales of lots and assumption of loan (a, b and c)	256,776,385	595,337,486	Due and demandable; noninterest-bearing	Unsecured; no impairment
		595,337,486		

(Forward)

	2015			
	Volume	Receivable	Terms	Conditions
Key officers and directors (Note 5) (k)	₱17,402,063	₱17,402,063	Due and demandable; noninterest-bearing	Unsecured; no impairment
		₱1,393,530,834		

	2015			
	Volume	Payables	Terms	Conditions
Trade payables (Note 11)				
Ultimate Parent Company (SLRDI)				
Advances (g)	₱7,800,000	₱14,580,549	Payable on demand; noninterest-bearing	Unsecured
Advances from shareholders (l)	–	16,206,102	Payable on demand; noninterest-bearing	Unsecured
		₱30,786,651		

As of December 31, 2016 and 2015, the Group has not made any provision for impairment loss relating to amounts owed by related parties. There have been no guarantees and collaterals provided or received for any related party receivables or payables. These accounts are noninterest-bearing and are generally unsecured. This assessment of the Group is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Key Management Personnel

Compensation of key management personnel by benefit type follows:

	2016	2015
Short-term employee benefits	**₱14,670,000**	₱14,670,000
Post-employment benefits (Note 19)	**525,300**	510,000
	₱15,195,300	₱15,180,000

19. Pension Liabilities

The Group has no formal retirement plan and accrues retirement liability based on the requirement under Republic Act (RA) 7641. Under the existing regulatory framework, RA 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law.

RA 7641 provides pension benefits equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.

The following tables summarize the components of the retirement expense and the pension liability recognized in the consolidated statements of financial position for the retirement plan.

The retirement expense included in “Salaries and wages and other benefits” in the consolidated statements of comprehensive income follow:

	2016	2015	2014
Current service cost	**₱751,706**	₱702,240	₱565,275
Interest cost	**95,726**	89,438	57,189
	₱847,432	₱791,678	₱622,464

The remeasurements recognized in OCI for the year ended December 31, 2016, 2015 and 2014 follows:

	2016	2015	2014
Actuarial losses (gains) due to:			
Experience adjustments	**(₱8,150)**	(₱35,057)	(₱12,764)
Changes in financial assumptions	**224,330**	(113,449)	352,900
Changes in demographic assumptions	**636,913**	(652,859)	–
	₱853,093	(₱801,365)	₱340,136

Changes in the present value of the defined benefit obligation follow:

	2016	2015
Balances at January 1	**₱1,977,813**	₱1,987,500
Current service cost	**751,706**	702,240
Interest cost	**95,726**	89,438
Actuarial losses (gains) due to:		
Changes in demographic assumptions	**636,913**	(652,859)
Changes in financial assumptions	**224,330**	(113,449)
Experience adjustments	**(8,150)**	(35,057)
Balances at December 31	**₱3,678,338**	₱1,977,813

The movements in pension liabilities follow:

	2016	2015
Balances at January 1	**₱1,977,813**	₱1,987,500
Retirement expense	**847,432**	791,678
Remeasurement recognized in OCI	**853,093**	(801,365)
Balances at December 31	**₱3,678,338**	₱1,977,813

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit plans are shown below:

	2016	2015	2014
Discount rate	**5.42%**	4.84%	4.50%
Salary increase rate	**3.00%**	2.00%	2.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	2016		
	Increase/ decrease in rate	**Impact on defined benefit obligation**	
		Increase	**Decrease**
Salary increase rate	**±1%**	**₱643,755**	**(₱529,406)**
Discount rate	**±1%**	**(675,413)**	**543,655**

	2015		
	Increase/ decrease in rate	Impact on defined benefit obligation	
		Increase	Decrease
Salary increase rate	±1%	₱372,040	(₱304,751)
Discount rate	±1%	(288,766)	356,437

The Group does not expect to set-up a fund for its retirement benefit obligation in 2016. In case of retirement due without an established fund, the Group plans to source its payments from its operating funds.

Shown below is the maturity analysis of the undiscounted benefit payments:

	December 31	
	2016	2015
2017	**₱–**	₱–
2018	–	–
2019	–	–
2020	–	–
2021	**599,064**	–
2022-2026	**8,412,869**	460,914

There was no plan amendment, curtailment, or settlement recognized in 2016 and 2015.

20. Interest in Joint Operations

The Group has entered into joint operations with various landowners and other companies, which include related parties. The interests in these joint operations range from 32% to 80% of the value of the whole project depending on the value of the land or investment of the other party against the estimated development costs. These joint operations entered into by the Group relate to the development and sale of subdivision land and condominium projects, with certain specified lots or units allocated to the joint operations. The Group's joint operations typically require the parties to contribute the land free from any lien, encumbrance and tenants or informal settlers to the project, with the Group bearing all costs related to land development and the construction of subdivision and condominium facilities.

Sales and marketing costs are allocated to both the Group and the joint operator. The projects covering the joint operations are expected to be completed in various dates. Capital commitments amounted to ₱2.40 billion and ₱2.30 billion in 2016 and 2015, respectively.

21. Segment Information

Operating segments are components of an entity for which discrete financial information is available that is regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and in assessing performance. Generally, financial information is required to be reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources to segments.

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has two reportable operating segments as follows:

- *Leasing*
  This segment consists of the Group's investment properties which includes properties that are held to earn rentals and are not occupied by the Group.

- *Residential development*
  This represents the development and selling of subdivision lots and high rise condominium projects across the Philippines.

For investment properties, financial information is provided to the BOD on a property by property basis. The information provided is net rentals (including gross rent less property expenses). Information on the residential development property segment provided to the BOD is aggregated and is represented by revenue and profit from the sale of real estate inventories.

Segment assets for the investment property segment represent investment property held to earn rentals. Segment assets for the residential development segment represent unsold real estate inventories. Segment liabilities represent loans payable and customers' deposits as these are the only liabilities reported to the BOD on a segmental basis.

The Group's administrative costs, interest income and interest expense are reported to the BOD on a segmental basis. There are no sales between segments.

The following tables regarding business segments present assets and liabilities as of December 31, 2016, 2015 and 2014 and revenue and income information for each of the three years in the period ended December 31, 2016.

	2016		
	Leasing	**Residential Development**	**Total**
Rental income	**₱852,490,997**	**₱–**	**₱852,490,997**
Cost of rental income	**(581,212,249)**	**–**	**(581,212,249)**
Real estate sales	**–**	**1,889,582,634**	**1,889,582,634**
Cost of real estate	**–**	**(946,430,049)**	**(946,430,049)**
Construction income	**–**	**25,591,746**	**25,591,746**
Cost of construction	**–**	**(16,378,994)**	**(16,378,994)**
Segment gross profit	**271,278,748**	**952,365,337**	**1,223,644,085**
Selling and administrative expense	**(48,404,587)**	**(533,513,894)**	**(581,918,481)**
Interest income	**61,866**	**139,451,846**	**139,513,712**

(Forward)

	2016		
	Leasing	**Residential Development**	**Total**
Interest expense	**₱–**	**(₱290,365,003)**	**(₱290,365,003)**
Dividend income	**–**	**7,157,683**	**7,157,683**
Commission income	**–**	**105,239,098**	**105,239,098**
Other income	**–**	**273,352,497**	**273,352,497**
Other expense	**(9,001,890)**	**(35,940,618)**	**(44,942,508)**
Provision for income tax	**(64,018,589)**	**(37,283,805)**	**(101,302,394)**
Net income	**₱149,915,548**	**₱580,463,141**	**₱730,378,689**
Total segment assets	**₱5,735,948,482**	**₱18,389,362,616**	**₱24,125,311,098**
Segment liabilities	**₱182,423,584**	**₱9,860,395,654**	**₱10,042,819,238**
Income tax payable	**44,184,821**	**34,720,182**	**78,905,003**
Deferred tax liabilities	**192,920,179**	**344,699,553**	**537,619,732**
Total liabilities	**₱419,528,584**	**₱10,194,001,614**	**₱10,659,343,973**
Cash flows arising from:			
Operating activities	**₱6,349,685**	**(₱2,201,363,096)**	**(₱2,195,013,411)**
Investing activities	**(319,200,922)**	**(260,639,535)**	**(579,840,457)**
Financing activities	**–**	**700,302,702**	**700,302,702**

	2015		
	Leasing	Residential Development	Total
Rental income	₱984,445,801	₱–	₱984,445,801
Cost of rental income	(594,663,528)	–	(594,663,528)
Real estate sales	–	1,680,680,817	1,680,680,817
Cost of real estate sales	–	(799,986,609)	(799,986,609)
Construction income	–	9,404,488	9,404,488
Cost of construction	–	(5,980,313)	(5,980,313)
Segment gross profit	389,782,273	884,118,383	1,273,900,656
Selling and administrative expense	(20,204,093)	(532,087,279)	(552,291,372)
Interest income	25,223	125,408,032	125,433,255
Interest expense	–	(136,680,717)	(136,680,717)
Dividend income	–	7,157,683	7,157,683
Commission income	–	99,165,403	99,165,403
Other income	–	198,071,752	198,071,752
Other expense	(13,829,974)	(27,478,345)	(41,308,319)
Provision for income tax	(28,151,597)	(269,136,518)	(297,288,115)
Net income	₱327,621,832	₱348,538,394	₱676,160,226
Total segment assets	₱5,259,035,730	₱16,111,749,875	₱21,370,785,605
Segment liabilities	₱164,478,437	₱7,880,103,004	₱8,044,581,441
Income tax payable	3,106,379	29,697,521	32,803,900
Deferred tax liabilities	349,926,421	243,767,443	593,693,864
Total liabilities	₱517,511,237	₱8,153,567,968	₱8,671,079,205
Cash flows arising from:			
Operating activities	₱11,235,305	(₱405,565,403)	(₱394,330,098)
Investing activities	(12,050,042)	(234,667,383)	(246,717,425)
Financing activities	–	2,739,977,344	2,739,977,344

	2014		
	Leasing	Residential Development	Total
Rental income	₱504,335,795	₱–	₱504,335,795
Cost of rental income	(248,841,127)	–	(248,841,127)
Real estate sales	–	1,445,350,119	1,445,350,119
Cost of real estate sales	–	(761,459,659)	(761,459,659)
Construction income	–	28,036,774	28,036,774
Cost of construction	–	(19,039,099)	(19,039,099)
Segment gross profit	255,494,668	692,888,135	948,382,803
Selling and administrative expense	(14,499,540)	(333,656,441)	(348,155,981)
Interest income	–	83,443,459	83,443,459
Interest expense	–	(115,007,836)	(115,007,836)
Dividend income	–	5,673,449	5,673,449
Commission income	–	73,202,048	73,202,048
Other income	–	156,279,536	156,279,536
Other expense	–	(20,100,950)	(20,100,950)
Provision for income tax	(79,741,096)	(155,228,146)	(234,969,242)
Net income	₱161,254,032	₱387,493,254	₱548,747,286
Total segment assets	₱4,760,314,587	₱13,078,053,574	₱17,838,368,161
Segment liabilities	86,802,000	5,551,000,215	5,637,802,215
Income tax payable	–	29,044,281	29,044,281
Deferred tax liabilities	271,345,990	167,993,718	439,339,708
Total liabilities	358,147,990	₱5,748,038,214	₱6,106,186,204
Cash flows arising from:			
Operating activities	₱17,010,517	₱26,322,533	₱43,333,050
Investing activities	(363,174,332)	(110,115,857)	(473,290,189)
Financing activities	–	515,565,253	515,565,253

Capital expenditures consist of additions to investment property amounting to ₱319.20 million and ₱379.72 million in 2016 and 2015, respectively.

22. Operating Lease

On January 1, 2011, the Group entered into a lease agreement with SLECC for the leasing of its investment property pertaining to the Sta. Lucia East Grand Mall (the Mall). The term of the lease is 15 months, with an automatic renewal provision for another one year unless written notice of termination is given by either party. In July 2012, the contract was further extended for another 15 months, ending in October 2013. Subsequent to October 2013, both parties have mutually agreed to continue with the lease agreement until termination is given by either party. Lease income is based on a certain percentage of net income derived by SLECC from mall tenants.
On September 31, 2014, the lease agreement was terminated by both parties. Effective October 1, 2014, the existing lease agreement over the Mall is directly between the Parent Company and the tenants.

Total rent income from mall tenants amounted to ₱852.49 million, ₱984.45 million and ₱504.34 million in 2016, 2015 and 2014, respectively.

23. **Income Tax**

Provision for income tax consists of:

	2016	2015	2014
Current	**₱155,326,875**	₱142,997,266	₱95,787,512
Deferred	**(55,818,205)**	154,215,788	139,154,109
Final	**1,793,724**	75,061	27,621
	₱101,302,394	₱297,288,115	₱234,969,242

The current provision for income tax in 2016, 2015 and 2014 represents RCIT.

The Group recognized deferred tax liability amounting to ₱254,230, ₱240,409 and deferred tax assets amounting ₱102,040 on remeasurement losses from pension liabilities recognized in OCI for the year ended December 31, 2016, 2015 and 2014, respectively.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2016	2015	2014
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effect of:			
Nondeductible expenses	**0.10**	0.01	–
Income subjected to final taxes	**0.08**	0.75	0.20
Nontaxable dividend income	**(0.25)**	(0.22)	(0.22)
Movement of deferred tax liability	**(17.75)**	–	–
Effective income tax rate	**12.18%**	30.54%	29.98%

The components of net deferred tax liabilities as of December 31, 2016 and 2015 are as follows:

	2016	2015
Deferred tax assets on:		
Allowance for doubtful accounts	**₱3,567,513**	₱2,694,179
Accrued retirement liability	**1,103,501**	593,444
	4,671,014	3,287,623
Deferred tax liabilities on:		
Uncollected rental income	**207,417,264**	349,826,935
Excess of realized gross profit over taxable realized gross profit on real estate sales	**171,267,632**	78,634,413
Capitalized borrowing cost	**27,576,969**	40,247,474
Unamortized discount on receivables	**10,687,605**	22,317,147
Prepaid commission	**74,898,324**	51,685,836
Fair value gain on repossessed inventory	**30,177,886**	26,584,572
Unamortized transaction cost	**20,256,639**	27,671,260
Others	**8,427**	13,850
	542,290,746	596,981,487
Net deferred tax liability	**(₱537,619,732)**	(₱593,693,864)

The Group did not recognize deferred tax asset on NOLCO of SLHI and SVI amounting to ₱49.95 million and ₱46.72 million in 2016 and 2015, respectively, since management believes that the tax benefit related will not reverse through income tax deductions in the near future.

Year Incurred	Amount	Expired	Balance	Expiry Date
December 31, 2016	₱11,963,840	₱–	₱11,963,840	2019
December 31, 2015	24,665,440	–	24,665,440	2018
December 31, 2014	13,319,213	–	13,319,213	2017
December 31, 2013	8,731,183	8,731,183	–	2016
	₱58,679,676	₱8,731,183	₱49,948,493	

24. Earnings per Share

The basic earnings per share for the years ended December 31, 2016, 2015 and 2014 were computed as follows:

	2016	2015	2014
Net income	**₱730,378,689**	₱676,160,226	₱548,747,286
Weighted average number of shares outstanding	**8,946,450,000**	8,563,116,667	7,534,837,500
Earnings per share	**₱0.082**	₱0.079	₱0.073

There were no potential dilutive shares in 2016, 2015 and 2014.

25. Financial Assets and Financial Liabilities

Fair Value Information

The methods and assumptions used by the Group in estimating fair value of the financial instruments are as follows:

Cash and cash equivalents, receivables and accounts and other payables

Carrying amounts approximate fair values due to the relatively short-term maturities of these financial instruments.

Short term and long term debts

Carrying amounts approximate the fair values because they carry interest rates which are the prevailing market rates for similar instruments.

Installment contracts receivables

The fair values of real estate receivable are calculated by discounting expected future cash flows at applicable rates for similar instruments using the remaining terms of maturity. The discount rate used in 2016 and 2015 ranges from 5.19% to 7.94% and 5.06% to 7.19%, respectively. The carrying value and fair value of the receivables amounted to ₱1,801.79 million and ₱1,407.50 million in 2016 and 2015, and ₱1,837.41 million and ₱1,434.96 million in 2016 and 2015, respectively.

AFS financial assets
The fair value of quoted AFS financial assets is the current closing price as of reporting date while the unquoted AFS financial assets are carried at cost since fair value cannot be reliably estimated due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value. There is currently no market for these unquoted AFS financial assets and the Group intends to hold them for the long term.

Fair Value Hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The quantitative disclosures on fair value measurement hierarchy for assets as of December 31, 2016 and 2015 follow:

			2016		
			Fair value measurements using		
	Carrying values	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value					
Quoted equity securities	**₱759,162,860**	**₱759,162,860**	**₱759,162,860**	**₱–**	**₱–**
Unquoted equity securities	**85,000,000**	**85,000,000**	**–**	**–**	**85,000,000**
Assets for which fair value are disclosed					
Installment contracts receivable	**1,801,790,177**	**1,837,415,528**	**–**	**–**	**1,837,415,528**
Investment properties	**5,152,847,765**	**7,934,860,922**	–	–	**7,934,860,922**
Liabilities for which fair value are disclosed					
Short-term debt	**2,398,000,000**	**2,398,000,000**	**–**	**–**	**2,398,000,000**
Long-term debt	**4,000,000,000**	**4,000,000,000**	**–**	**–**	**4,000,000,000**

			2015		
			Fair value measurements using		
	Carrying values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Quoted equity securities	₱722,683,658	₱722,683,658	₱722,683,658	₱–	₱–
Assets for which fair value are disclosed					
Installment contracts receivable	1,407,501,826	1,434,959,005	–	–	1,434,959,005
Investment properties	4,983,804,483	7,615,660,000	–	–	7,615,660,000
Liabilities for which fair value are disclosed					
Short-term debt	700,000,000	700,000,000	–	–	700,000,000
Long-term debt	5,000,000,000	5,000,000,000	–	–	5,000,000,000

Offsetting of Financial Instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where the Group currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the net asset settles the liability simultaneously.

The following table represents the recognized financial instruments that are offset as of December 31, 2016 and December 31, 2015, and shows in the 'Net' column what the net impact would be on the Group's consolidated statements of financial position as a result of the offsetting rights.

	December 31, 2016		
	Gross Amount	**Offsetting**	**Net Amount**
Due from related parties	**₱783,329,373**	**₱–**	**₱783,329,373**
Due to related parties	**–**	**(65,082,979)**	**(65,082,979)**
	₱783,329,373	**(₱65,082,979)**	**₱718,246,394**

	December 31, 2015		
	Gross Amount	Offsetting	Net Amount
Due from related parties	₱792,821,832	₱–	₱792,821,832
Due to related parties	–	(53,042,178)	(53,042,178)
	₱792,821,832	(₱53,042,178)	₱739,779,654

SLLI's payable to SLRDI arising from SLRDI's unremitted share in the development and sale of the several projects of the latter is offset against the total receivable from SLRDI.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, AFS financial assets accounts and other payables, short-term debt and long-term debt.

Management closely monitors the cash fund and financial transactions of the Group. These strategies, to an extent, mitigate the Group's interest rate and credit risks.

Exposure to liquidity and credit risks arise in the normal course of the Group's business activities.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The Group's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

Liquidity risk

Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt and equity offerings.

The Group actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. In mitigating liquidity risk, management measures and forecasts its cash commitments, matches debt maturities with the assets being financed, maintains a diversity of funding sources with its unhampered access to bank financing and the capital markets. As of December 31, 2016 and 2015, the Group has undrawn facilities amounting to ₱202.00 million and

₱300.00 million, respectively. As part of the liquidity risk management, the Group is currently transacting with local banks for a longer term corporate notes and negotiation of higher undrawn credit lines to meet the debtors', suppliers' and contractors' obligations and business expansion.

At the Special Meeting of the Board of Directors of the Parent Company held last February 17, 2017, wherein, subject to securing all required approvals under applicable laws, rules and regulations, the Parent Company was authorized to negotiate and avail of a 10 year Corporate Note Facility with financial institutions, with a maximum of 19 investors, for an aggregate amount of ₱3.00 billion and with an overallotment option of ₱2.00 billion, for the pre-payment of existing obligations of the Parent Company, strategic land banking, capital expenditures for ongoing and new projects, and general corporate purposes.

Through scenario analysis and contingency planning, the Group also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost, and ensures the availability of ample unused credit facilities as back-up liquidity.

Cash are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as buffer for any opportunities or emergencies that may arise.

The table summarizes the maturity profile of the Group's financial assets and financial liabilities at December 31 based on contractual undiscounted payments:

	2016			
	< 1 year	**>1 to < 5 years**	**> 5 years**	**Total**
Financial assets				
Cash and cash equivalents	**₱140,450,437**	**₱–**	**₱–**	**₱140,450,437**
Receivables:				
Trade:				
Subdivision land	**458,035,029**	**949,432,209**	**38,227,282**	**1,445,694,520**
Condominium units	**125,367,695**	**256,076,165**	**10,277,148**	**391,721,008**
Receivable from related parties	**1,363,608,099**	–	–	**1,363,608,099**
Advances to officers and employees	**81,057,974**	–	–	**81,057,974**
Advances to joint venture	**84,524,254**	–	–	**84,524,254**
Accrued interest receivable	**44,061,855**	–	–	**44,061,855**
Commission receivable	**48,578,411**	–	–	**48,578,411**
Dividend receivable	**9,195,722**	–	–	**9,195,722**
Receivable from tenants	**17,518,039**	–	–	**17,518,039**
Others	**15,387,397**	–	–	**15,387,397**
Available for sale securities	**844,162,860**	–	–	**844,162,860**
	₱3,231,947,772	**₱1,205,508,374**	**₱48,504,430**	**₱4,485,960,576**

	2016			
	< 1 year	**>1 to < 5 years**	**> 5 years**	**Total**
Financial liabilities				
Accounts and other payables:				
Contractors payable	**₱1,426,545,768**	**₱–**	**₱–**	**₱1,426,545,768**
Accounts payable	**105,710,537**	**–**	**–**	**105,710,537**
Joint venture payable	**117,250,553**	**–**	**–**	**117,250,553**
Retentions payable	**72,630,006**	**–**	**–**	**72,630,006**
Accrued payable	**20,355,849**	**–**	**–**	**20,355,849**
Payable to related parties:				
Trade	**16,883,251**	**–**	**–**	**16,883,251**
Nontrade	**16,346,102**	**–**	**–**	**16,346,102**
Interest payable	**11,368,678**	**–**	**–**	**11,368,678**
Commissions payable	**4,790,241**	**–**	**–**	**4,790,241**
Others	**82,628,037**	**–**	**–**	**82,628,037**
Short term and long term debts	**2,489,161,875**	**4,834,311,444**	**–**	**7,323,473,319**
	₱4,363,670,897	**₱4,834,311,444**	**₱–**	**₱9,197,982,341**

	2015			
	< 1 year	>1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents	₱2,215,001,603	₱–	₱–	₱2,215,001,603
Receivables:				
Trade:				
Subdivision land	525,277,294	409,015,611	175,292,405	1,109,585,310
Condominium units	111,212,937	149,912,531	64,248,227	325,373,695
Receivable from related parties	1,376,128,771	–	–	1,376,128,771
Advances to officers and employees	132,006,827	–	–	132,006,827
Advances to joint venture	64,142,169	–	–	64,142,169
Accrued interest receivable	21,964,023	–	–	21,964,023
Commission receivable	20,697,996	–	–	20,697,996
Dividend receivable	11,778,365	–	–	11,778,365
Receivable from tenants	10,273,707	–	–	10,273,707
Others	14,361,865	–	–	14,361,865
Available for sale securities	722,683,658	–	–	722,683,658
	₱5,298,285,322	₱558,928,142	₱239,540,632	₱6,096,754,096
Financial liabilities				
Accounts and other payables:				
Contractors payable	₱671,525,999	₱–	₱–	₱671,525,999
Accounts payable	94,942,236	–	–	94,942,236
Joint venture payable	71,890,607	–	–	71,890,607
Retentions payable	47,946,811	–	–	47,946,811
Accrued payables	17,208,192	–	–	17,208,192
Payable to related parties:				
Trade	14,560,549	–	–	14,560,549
Nontrade	16,206,102	–	–	16,206,102
Interest payable	12,231,235	–	–	12,231,235
Commissions payable	4,790,241	–	–	4,790,241
Others	66,293,738	–	–	66,293,738
Short term and long term debts	715,129,785	3,459,895,633	2,701,344,444	6,876,369,862
	₱1,702,261,414	₱3,459,895,633	₱2,701,344,444	₱7,893,965,572

Short term and long term debts include future interest payments.

Cash and cash equivalents and receivables are used for the Group's liquidity requirements. Refer to the terms and maturity profile of these financial assets under the maturity profile of the interest-bearing financial assets and liabilities disclosed in the interest rate risk section.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial assets comprise of cash and cash equivalents, receivables and AFS financial assets. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. The Group's exposure to credit risk from cash and cash equivalents, receivables and AFS financial assets arise from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Real estate contracts
Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. The credit risk for installment contracts receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject lot in case of refusal by the buyer to pay on time the amortization due. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position as of December 31, 2016 and 2015.

	2016	2015
Trade receivables:		
Subdivision land	**₱1,445,694,520**	₱1,109,585,310
Condominium units	**391,721,008**	325,373,695
Receivable from related parties	**1,363,608,099**	1,376,128,771
Accrued interest receivable	**44,061,855**	21,964,023
Commission receivable	**48,578,411**	20,697,996
Dividend receivable	**9,195,722**	11,778,365
Receivable from tenants	**17,518,039**	10,273,707
	₱3,320,377,654	₱2,875,801,867

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk. As of December 31, 2016 and 2015, the aging analysis of past due but not impaired receivables presented per class, is as follows:

	2016								
	Neither Past Due nor Impaired	**Past Due but not Impaired**							
		1-30 days	**31-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**Total**	**Impaired**	**Total**
Trade:									
Subdivision land	**₱1,365,309,786**	**₱10,546,098**	**₱8,035,463**	**₱6,163,296**	**₱5,520,884**	**₱38,227,282**	**₱68,493,023**	**₱11,891,711**	**₱1,445,694,520**
Condominium units	**375,099,080**	**2,449,613**	**1,365,807**	**1,237,553**	**1,291,807**	**10,277,148**	**16,621,928**	−	**391,721,008**
Receivable from related parties	**1,363,608,099**	−	−	−	−	−	−	−	**1,363,608,099**
Advances to officers and employees	**81,057,974**	−	−	−	−	−	−	−	**81,057,974**
Accrued interest receivable	**44,061,855**	−	−	−	−	−	−	−	**44,061,855**
Advances to joint venture	**84,524,254**	−	−	−	−	−	−	−	**84,524,254**
Commission receivable	**48,578,411**	−	−	−	−	−	−	−	**48,578,411**
Receivable from tenants	**17,518,039**	−	−	−	−	−	−	−	**17,518,039**
Dividend receivable	**9,195,722**	−	−	−	−	−	−	−	**9,195,722**
Others	**15,387,397**	−	−	−	−	−	−	−	**15,387,397**
Total	**₱3,404,340,617**	**₱12,995,711**	**₱9,401,270**	**₱7,400,849**	**₱6,812,691**	**₱48,504,430**	**₱85,114,951**	**₱11,891,711**	**₱3,501,347,279**

	2015								
	Neither Past Due nor Impaired	Past Due but not Impaired							
		1-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total	Impaired	Total
Trade:									
Subdivision land	₱1,044,598,111	₱8,166,217	₱6,288,956	₱5,506,076	₱5,997,681	₱30,047,673	₱56,006,603	₱8,980,596	₱1,109,585,310
Condominium units	309,123,547	2,540,737	2,166,044	2,138,402	1,822,090	7,582,875	16,250,148	−	325,373,695
Receivable from related parties	1,376,128,771	−	−	−	−	−	−	−	1,376,128,771
Advances to officers and employees	132,006,827	−	−	−	−	−	−	−	132,006,827
Accrued interest receivable	21,964,023	−	−	−	−	−	−	−	21,964,023
Advances to joint venture	64,142,169	−	−	−	−	−	−	−	64,142,169
Commission receivable	20,697,996	−	−	−	−	−	−	−	20,697,996
Receivable from tenants	10,273,707	−	−	−	−	−	−	−	10,273,707
Dividend receivable	11,778,365	−	−	−	−	−	−	−	11,778,365
Others	14,361,865	−	−	−	−	−	−	−	14,361,865
Total	₱3,005,075,381	₱10,706,954	₱8,455,000	₱7,644,478	₱7,819,771	₱37,630,548	₱72,256,751	₱8,980,596	₱3,086,312,728

The table below shows the credit quality of the Group's financial assets as of December 31, 2016 and 2015.

	2016						
	Neither past due nor impaired				**Past due but**		
	High Grade	**Medium Grade**	**Low Grade**	**Total**	**not impaired**	**Impaired**	**Total**
Cash and cash equivalents	**₱139,385,531**	**₱–**	**₱–**	**₱139,385,531**	**₱–**	**₱–**	**₱139,385,531**
Receivables:							
Trade:							
Subdivision land	**1,365,309,786**	–	–	**1,365,309,786**	**68,493,023**	**11,891,711**	**1,445,694,520**
Condominium units	**375,099,080**	–	–	**375,099,080**	**16,621,928**	–	**391,721,008**
Receivable from related parties	**1,363,608,099**	–	–	**1,363,608,099**	–	–	**1,363,608,099**
Advances to officers and employees	**81,057,974**	–	–	**81,057,974**	–	–	**81,057,974**
Accrued interest receivable	**44,061,855**	–	–	**44,061,855**	–	–	**44,061,855**
Commission receivable	–	–	**48,578,411**	**48,578,411**	–	–	**48,578,411**
Advances to joint venture	**84,524,254**	–	–	**84,524,254**	–	–	**84,524,254**
Receivables from tenants	**17,518,039**	–	–	**17,518,039**	–	–	**17,518,039**
Dividend receivable	**9,195,722**	–	–	**9,195,722**	–	–	**9,195,722**
Others	**15,387,397**	–	–	**15,387,397**	–	–	**15,387,397**
AFS financial assets	**844,162,860**	–	–	**844,162,860**	–	–	**844,162,860**
	₱4,339,310,596	**₱–**	**₱48,578,411**	**₱4,387,889,007**	**₱85,114,952**	**₱11,891,711**	**₱4,484,895,670**

	2015						
	Neither past due nor impaired				Past due but		
	High Grade	Medium Grade	Low Grade	Total	not impaired	Impaired	Total
Cash and cash equivalents	₱2,213,856,697	₱–	₱–	₱2,213,856,697	₱–	₱–	₱2,213,856,697
Receivables:							
Trade:							
Subdivision land	1,044,598,111	–	–	1,044,678,111	56,006,603	8,980,596	1,109,665,310
Condominium units	309,123,547	–	–	309,123,547	16,250,148	–	325,373,695
Receivable from related parties	1,376,128,771	–	–	1,376,128,771	–	–	1,376,128,771
Advances to officers and employees	132,006,827	–	–	132,006,827	–	–	132,006,827
Accrued interest receivable	21,964,023	–	–	21,964,023	–	–	21,964,023
Commission receivable	–	–	20,697,996	20,697,996	–	–	20,697,996
Advances to joint venture	64,142,169	–	–	64,142,169	–	–	64,142,169
Receivables from tenants	10,273,707	–	–	10,273,707	–	–	10,273,707
Dividend receivable	11,778,365	–	–	11,778,365	–	–	11,778,365
Others	14,281,865	–	–	14,281,865	–	–	14,281,865
AFS financial assets	722,683,658	–	–	722,683,658	–	–	722,683,658
	₱5,920,837,740	₱–	₱20,697,996	₱5,941,615,736	₱72,256,751	₱8,980,596	₱6,022,853,083

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents - based on the nature of the counterparty.

Receivables - high grade pertains to receivables with no default in payment and pertains to related parties; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment.

Equity price risk
Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group manages the equity price risk through diversification and placing limits on equity instruments.

The effect on equity, as a result of a change in fair value of quoted equity instruments held as AFS financial assets as of December 31, 2016 and 2015 due to a reasonably possible change in equity indices, with all other variables held constant, will have an increase on equity by ₱84.42 million and ₱72.26 million, respectively, if equity indices will increase by 10%. An equal change in the opposite direction would have decreased equity by the same amount.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve, and degree of variability of cash flows.

The following table demonstrates the sensitivity of the Group's income before tax and equity to a reasonably possible change in interest rates on December 31, 2016 and 2015, with all variables held constant, (through the impact on floating rate borrowings):

	Effect on income before income tax Increase (decrease)	
	2016	2015
Change in basis points:		
+100 basis points	**(₱63,304,779)**	(₱56,097,597)
-100 basis points	**63,304,779**	56,097,597

The assumed change in rate is based on the currently observable market environment. There is no other impact on the Group's equity other than those already affecting the net income.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with their corresponding nominal amounts and carrying values are shown in the following table:

	2016						
	Interest terms (p.a.)	**Rate Fixing Period**	**Nominal Amount**	**< 1 year**	**1 to 5 years**	**> 5 years**	**Carrying Value**
Cash and cash equivalents	Fixed at the date of investment	Various	**₱140,450,437**	**₱140,450,437**	**₱–**	**₱–**	**₱140,450,437**
Trade receivables	Fixed at the date of sale	Date of sale	**1,837,415,528**	**583,402,724**	**1,205,508,374**	**48,504,430**	**1,837,415,528**
			1,977,865,965	**723,853,161**	**1,205,508,374**	**48,504,430**	**1,977,865,965**
Fixed							
Short-term debt - various peso loans							
Peso	Variable at 2.5% over 91 days PDST R1	Quarterly	**2,395,561,865**	**2,395,561,865**	–	–	**2,395,561,865**
Long-term debt - various peso loans							
Peso	Fixed at the date of loan	Quarterly	**3,934,916,004**	–	**3,934,916,004**	–	**3,934,916,004**
			₱6,330,477,869	**₱2,395,561,865**	**₱3,934,916,004**	**₱–**	**₱6,330,477,869**
Liquidity position (gap)			**(₱4,352,611,904)**	**(₱1,671,708,704)**	**(₱2,729,407,630)**	**(₱48,504,430)**	**(₱4,352,611,904)**

	2015						
	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Cash and cash equivalents	Fixed at the date of investment	Various	₱2,215,001,603	₱ 2,215,001,603	₱–	₱–	₱2,215,001,603
Trade receivables	Fixed at the date of sale	Date of sale	1,434,961,005	636,490,231	558,928,142	239,542,632	1,434,961,005
			3,649,962,608	2,851,491,834	558,928,142	239,542,632	3,649,962,608
Fixed							
Short-term debt - various peso loans							
Peso	Variable at 2.5% over 91 days PDST R1	Quarterly	700,000,000	700,000,000	–	–	700,000,000
Long-term debt - various peso loans							
Peso	Fixed at the date of loan	Quarterly	4,909,759,683	–	2,952,480,350	1,957,279,333	4,909,759,683
			₱5,609,759,683	₱700,000,000	₱2,952,480,350	₱1,957,279,333	₱5,609,759,683
Liquidity position (gap)			(₱1,959,797,075)	₱2,151,491,834	(₱2,393,552,208)	(₱1,717,736,701)	(₱1,959,797,075)

26. **Notes to Statement of Cash Flows**

Below are the non-cash transactions for December 31, 2016, 2015 and 2014:

1. As of December 31, 2016, the Group has an unpaid AFS financial assets amounting to ₱3.54 million.

2. In 2016, 2015 and 2014, amortization of loan transaction cost amounted to ₱22.72 million, ₱0.62 million and ₱1.65 million, respectively.

3. Changes in fair value of AFS amounted to ₱36.48 million gain, ₱7.25 million loss and ₱0.62 million loss in 2016, 2015 and 2014, respectively.

4. In 2014, the impact of the transaction with SLRDI pertaining to the rescission of the assignment on land rights resulting to:
    a. derecognition of deposit on land rights of ₱1,358.69 million and set-up of receivables from SLRDI of the same amount and
    b. offset of receipts of treasury shares valued it ₱900.00 million against the receivable set-up in (a).

STA. LUCIA LAND, INC. AND SUBSIDIARIES
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SEC FORM 17-A

CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Sta. Lucia Land, Inc. and Subsidiaries
Penthouse Bldg. 3, Sta. Lucia Mall,
Marcos Highway cor. Imelda Avenue,
Cainta, Rizal

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Sta. Lucia Land, Inc. and its subsidiaries (the Group) as at December 31, 2016 and for the period ended December 31, 2016, included in this Form 17-A, and have issued our report thereon dated April 6, 2017. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule No. 68, As Amended (2011) and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-AR-1 (Group A),
May 12, 2015, valid until May 11, 2018
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5908770, January 3, 2017, Makati City

April 6, 2017

STA. LUCIA LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED

DECEMBER 31, 2016

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not a required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

Below is the detailed schedule of financial assets in equity securities of the Group as of December 31, 2016:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position
AFS financial assets		
Quoted:		
Philippine Racing Club, Inc.	70,786,759	₱699,373,179
Manila Jockey Club, Inc.	29,894,841	59,789,681
Unquoted:		
Uni-Asia Properties, Inc.	6,249,999	85,000,000
	106,931,599	₱844,162,860

The basis in determining the value of quoted equity securities is the market quotation on December 31, 2016 while unquoted security is valued at cost.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to employees of the Group with balances above ₱100,000 as of December 31, 2016:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Exequiel D. Robles	₱13,623,676	₱1,400,000	₱–	₱15,023,676
Kristine May Robles	8,603,267	10,963,502	(10,765,300)	8,801,469
Vicente R. Santos	1,886,769	1,300,000	–	3,186,769
Aurora D. Robles	1,805,000	520,000	–	2,325,000
Antonio Robles	1,735,000	530,000	–	2,265,000
Orestes R. Santos	878,718	520,000	–	`1,398,718
Mariza Santos Tan	286,618	520,000	–	806,618
David M. Dela Cruz	1,081,281	147,226	(595,682)	632,825
Emerita Jingle Punzalan	350,000	35,417	(19,833)	365,584
Ma. Lourdes Concepcion	247,467	16,579	(18,292)	245,754
Cherrie-Vi Estomaguio	152,823	25,833	(22,333)	156,323
Miliscent R. Biay	118,000	36,559	(35,578)	118,981
Celeste C. Santos	109,534	–	–	109,534
Jun Cabusay	98,534	48,750	(45,000)	102,284
	₱30,976,687	₱16,063,866	(₱11,502,018)	₱35,538,535

These advances consist of advances for expenses and disbursements necessary in carrying out their functions in the ordinary course of business such as for selling and marketing activities, official business trips, emergency and cash on delivery (COD) purchases of materials, equipment and supplies, repair of Group's vehicles, model units and housing units, registration of titles, etc. and short term loans given to officers and employees. The advances will be liquidated when the purposes for which these advances were granted are accomplished or completed or deducted from the officers'/employees' salaries if not liquidated. No amounts were written-off during the year and all amounts are presented as current.

<u>Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements</u>

Below is the schedule of receivables (payables) with related parties which are eliminated in the consolidated financial statements as of December 31, 2016:

	Nature	Volume of Transactions	Receivable	Terms
Sta. Lucia Homes, Inc. (SLHI)	Advances	₱80,635	(₱4,253,141)	Non-interest bearing and to be settled within one year
Santalucia Ventures Inc. (SVI)	Advances	62,069,816	134,905,923	Non-interest bearing and to be settled within one year
			₱130,652,782	

	Balance at beginning of period	Additions	Collections	Balance at end of period
SLHI	(₱4,333,776)	₱–	₱80,635	(4,253,141)
SVI	72,836,107	62,069,816	–	134,905,923
	₱68,502,331	₱62,069,816	₱80,635	₱130,652,782

The intercompany transactions between the Parent Company and the subsidiaries pertain to commission fees and advances for the pre-operations. There were no amounts written-off during the year and all amounts are expected to be settled within the year.

<u>Related Party Transactions</u>

Due from related parties

Below is the list of outstanding receivable from related parties of the Group presented in the consolidated statements of financial position as of December 31, 2016:

	Relationship	Nature	Balance at end of period
Sta. Lucia Realty and Development, Inc. (SLRDI)	Ultimate Parent Company	a,b,c, d, e, f, g	₱718,246,394
Sta. Lucia East Commercial Corporation (SLECC)	Affiliate	h	404,830,987
Various mall tenants	Affiliate	h	224,221,004
Others	Affiliates	a, i	61,899,726
			₱1,409,198,111

Nature of intercompany transactions
The nature of the intercompany transactions with the related parties is described below:

a. Consisting of non-interest bearing advances for working capital requirements with no fixed repayment terms.
b. Pertain to receivables from offsetting agreements with common suppliers with the Ultimate Parent Company.
c. Pertain to noninterest-bearing cash advances for various charges to and from affiliated companies for reimbursements of expenses on gasoline consumption of service vehicles, repairs and maintenance, supplies, rentals for project exhibits and advertising/marketing costs.
d. Represent monthly amortization payment from the buyers of the Group remitted to the Ultimate Parent Company.
e. Pertain to the reinstated due from the Ultimate Parent Company after the after rescission of deposit on land rights and subsequently entering into a deed of assignment of shares of stock.
f. Pertain to payable to Ultimate Parent Company for the Ultimate Parent Company's share in the sale of real estate properties of the Ultimate Parent Company but developed by the Parent Company.
g. Pertains to the due from Ultimate Parent Company for the assumption of the its bank loan
h. Pertain to uncollected rental income.
i. Pertain to non-interest bearing cash advances to officers and directors.

The outstanding balances of intercompany transactions are all due and demandable as of December 31, 2016.

Schedule D. Intangible Assets
The Group does not have intangible assets as of December 31, 2016.

Schedule E. Long-term debt
The Group has long term loans amounting to ₱3,934.92 million as of December 31, 2016.

Schedule F. Indebtedness to Related Parties (Long term Loans from Related Companies)
The Group does not have long-term loans from related companies as of December 31, 2016.

Schedule G. Guarantees of Securities of Other Issuers
The Group does not have guarantees of securities of other issuers as of December 31, 2016.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	16,000,000,000	8,946,450,000	–	7,451,005,767	1,424,988	1,494,019,245

STA. LUCIA LAND, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2016

Total Unappropriated Retained Earnings - January 1, 2015		₱1,251,287,631
Less:		
Treasury shares		(740,000,000)
Income closed to retained earnings and other reconciling items		814,381,222
TOTAL RETAINED EARNINGS, AVAILABLE FOR DIVIDEND DECLARATION, BEGINNING		1,325,668,853
Net income actually earned/realized during the period:		
Net income during the period closed to retained earnings	742,342,539	
Less: Non actual/unrealized income net of tax		
Equity in net income of associate/joint venture	–	
Unrealized actuarial gain	–	
Fair value adjustment (M2M gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP-gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
- Accretion income	(41,492,492)	
Movement in deferred tax that reduced the amount of income tax expense	(55,818,205)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP-loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Unrealized foreign exchange loss – net (except those attributable to cash and cash equivalents)		–
Net income actually earned during the period		645,031,842
Add (Less):		
Dividend declarations during the period	–	
Appropriations of retained earnings during the period	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares – see beginning reconciliation	–	
TOTAL RETAINED EARNINGS, AVAILABLE FOR DIVIDEND DECLARATION , ENDING		₱1,970,700,695

STA. LUCIA LAND, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

Financial Soundness Indicators

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2016 and 2015:

Financial ratios		**2016**	2015
Current ratio	Current assets / Current liabilities	**2.77:1**	4.68:1
Debt to equity ratio	Total liabilities* / Stockholders' Equity	**0.47:1**	0.44:1
Debt to total assets ratio	Total liabilities / Total assets	**0.44:1**	0.41:1
Return on average assets	Net income attributable to Parent Company / Average assets	**3.21%**	3.45%
Book value per share	Stockholders' equity / Total outstanding number of shares	**₱1.51**	₱1.42
Earnings per share	Net income / Total weighted average number of shares	**₱0.082**	₱0.079
Debt service coverage ratio	EBITDA / Debt Service	**1.50:1**	4.02:1

**consist of short-term and long-term debts*

STA. LUCIA LAND, INC. AND SUBSIDIARIES

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2016:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2016**		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1:Borrowing Cost			✓
	Amendments to PFRS 1:Meaning of “Effective PFRS”			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Definition of Vesting Condition			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 3	Business Combinations			✓
	Accounting for Contingent Consideration in a Business Combination			✓
	Scope Exceptions for Joint Arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Servicing Contracts	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *		✓	
	Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	✓		
	Amendments to PFRS 7: Hedge Accounting (2013 version) *		✓	
PFRS 8	Operating Segments	✓		
	Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments *	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures *		✓	
	Financial Instruments: Classification and Measurement (2010 version) *		✓	
	Amendments to PFRS 9: Hedge Accounting (2013 version) *		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13:Short Term Receivable and Payable	✓		
	Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 16	Leases *		✓	
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1:Clarification of the Requirements for Comparative Information	✓		
	Amendments to PAS 1: Presentation of financial statements - disclosure initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendment to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses *		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	✓		
	Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization			✓
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Regional Market Issue Regarding Discount Rate			✓
	Amendments to PAS 19:Defined Benefit Plan: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24	Related Party Disclosures - Key Management Personnel	✓		
	Related Party Disclosures - Key Management Personnel (Amended)	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Separate Financial Statements	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✓	
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28	Investments in Associates and Joint Ventures			✓
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PAS 28: Investment Entities			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendment to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Disclosure of Information 'Elsewhere in the Interim Financial Report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets		✓	
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property			✓
	Amendments to PAS 40: Clarification on Ancillary Services			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC 9: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate *		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

In addition, the International Accounting Standards Board (IASB) has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Company is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers* (effective January 1, 2018)
- IFRS 16, *Leases* (effective January 1, 2019)

Standards tagged as "Not applicable" have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2016.

Standards tagged as "Not adopted" are standards issued but not yet effective as of December 31, 2016. The Company will adopt the Standards and Interpretations when these become effective.

STA. LUCIA LAND, INC. AND SUBSIDIARIES

CONGLOMERATE MAP

The following chart illustrates the Company's material shareholders and subsidiaries as of the date of this Offering Memorandum.