Welcome back to the family.
Welcome togetherness.

STA. LUCIA LAND INC.

2015 STA. LUCIA
ANNUAL FAMILY REPORT

WELCOME HOME!

SPLENDIDO, TAGAYTAY

ON THE COVER:
STA. LUCIA RESIDENZES CAINTA (ARCHITECTURAL PERSPECTIVE)

MR. VICENTE R. SANTOS
CHAIRMAN

MR. EXEQUIEL D. ROBLES
PRESIDENT

HELLO FAMILY MEMBERS,

The Philippine economy continued to post solid growth as its fundamentals remain strong. OFW remittances, along with the BPO industry provided a solid base to the economy as both sectors contributed US$ 25.8 billion dollars and an estimated US$ 22.0 billion dollars respectively in 2015.

These 2 drivers serves as the pillar of the real estate industry as the construction boom sustained its strong growth momentum last year. With our country's continued success, your company meanwhile continues to aggressively participate in the economy's expansion by providing a wide range of new quality projects.

As a result, we have registered an all time high of P 3.104 Billion in gross revenues resulting in a net income of P 676 Million, a 35% and 23% increase respectively compared to that of 2014. Total assets increased by 20%, from over PHP 17 Billion to over PHP 21 Billion while our leverage remain strong as bank loans to equity is at a low of 0.44.

Majority of the growth came from the sales of Colinas Verdes Residential Estates (San Jose Del Monte, Bulacan), Monte Carlo Tower - Sta Lucia Residenze (Cainta, Rizal), Davao Riverfront (Davao) and Splendido Taal Tower 2 (Tagaytay).

A number of notable projects were launched in 2015:

- A 23 storey mixed-use development tower called Sotogrande Katipunan with 3 commercial floors, 20 floors of condotel units and 3 level basement parking.
- Harbour Springs Palawan – a three 3-storey residential and commercial condotels
- Nottingham Villas and a six-storey Sotogrande condotel in Iloilo
- Expansion of a number of residential communities in Summit Point Batangas, Summerhills Rizal, Monte Verde Rizal, Greenland Cainta, Golden Meadows Laguna and Greenmeadows at the Orchard Cavite

The following are a number of joint venture agreements entered for future developments:

- Over 109 hectares in Davao covering 4 projects
- Over 24 hectares in Batangas
- Over 18 hectares in Rizal covering 8 projects
- Over 17 hectares in Tagaytay City
- Over 16 hectares in Pasig City, Quezon City, Laguna, Iloilo and Palawan

We also made the following land acquisitions to complement our growth plan:

- Over 34 hectares in Batangas
- Over 10 hectares in Cavite
- Over 3 hectares in Rizal, Laguna, Iloilo and Palawan

We will do more.

After our successful PHP 4 billion maiden retail bond offering last December 2015, we are now in a position to leverage on our competitive advantage in landbanking, marketing, project development, and community enhancements. Moving forward, we are looking to increasing our recurring income base by replicating our expertise in mall operations while exploring other opportunities in the commercial and tourism sectors.

This bond offering is just the beginning as we will continue to aggressively tap the capital markets to fuel our long term plans.

Once again we would like to thank our board and our management team who are committed to continually provide quality service to our clients while delivering sustained long-term returns to our shareholders.

Thank you and have a nice day!

Exequiel Robles

EXEQUIEL D. ROBLES
PRESIDENT

Vicente Santos

VICENTE R. SANTOS
CHAIRMAN

LET THERE BE "LUCIA"

The name Sta. Lucia is rooted in the family's strong religious beliefs. Saint Lucia, also known as Lucia of Syracuse or Saint Lucy, is the patron saint of vision. The name "Lucia" is derived from the Latin word for "light".

BUEN-MAR REALTY

At the very root of our family history are our "parents," founders Buenaventura Robles and his sister Marcela Robles-Santos, who ventured into subdivision developments under the name Buen-Mar Realty. Buen-Mar initially developed subdivisions in Pasig, Taytay, Morong and Rizal.

The following pages tell the story and successes of Sta. Lucia Land Inc., in numbers, text, and images. As a corporate entity, we actively seek growth and expansion. It is easy to build houses and develop lands. It is a different story, though, to build homes, nurture families, and keep them together for years, decades, and generations. This is what Sta. Lucia Land Group ultimately strives for. And for 44 years, we have been building one big, happy family. Our home just keeps growing...

WHO WE ARE. WHAT WE DO.

THE ENTREPRENEURIAL SPARK BETWEEN 2 SIBLINGS...

At the very root of our family history are our "parents," founders Buenaventura Robles and his sister Marcela Robles-Santos, who ventured into subdivision developments under the name Buen-Mar Realty. Buen-Mar initially developed subdivisions in Pasig, Taytay, Morong and Rizal.

However, in keeping with the vision to become a nationwide force in real estate development, the name Buen-Mar was eventually incorporated into Sta. Lucia Realty Development Inc (SLR) in 1972.

Soon after the incorporation of Sta. Lucia Realty, Felipe and a then-19-year-old Exequiel Robles, the eldest of the Robles siblings, took over the reins of the company. This proved to be a timely transition, as it was also this time that Sta. Lucia Realty went into full-scale horizontal land development.

Through Exequiel's visionary leadership that now spans over 30 years, Sta. Lucia Realty has leapfrogged from strength to strength, and is now the Philippines' leading horizontal developer and the real estate company with the biggest combined land area of its projects and properties nationwide.

In 2007, Sta. Lucia Land Inc. (SLI) came out in the world via a backdoor listing in the Philippine Stock Exchange as the listed company vehicle of the Sta. Lucia Group.

...IGNITES INTO A NATION-BUILDER...

In its 44-year existence, Sta. Lucia Group have become one of the Philippines' largest real estate companies, with over 10,000 hectares of land developed and 220 projects already completed, with an additional 42 ongoing projects in Rizal, Bulacan, Cavite, Davao, Tarlac, Cebu, Batangas, and Iloilo City.

In all, the Sta. Lucia Group "family tree" of projects and developments have branched out to 10 of the country's 13 regions, this rapid and extensive expansion largely due to the joint venture business model wherein the Sta. Lucia Group works closely with the land owners for the development of raw land into future business sites.

These projects, in particular the residential developments, are positioned in prime locations where employment, educational, commercial, and recreational facilities are highly accessible.

This combination of the JV business model and strategic positioning has ensured that the "tree" remains rooted in fertile ground--low risk, high margin.

...AND BLAZES THROUGH AN EVER-EXPANDING GLOBAL FUTURE

Being already located in almost every region in the country, the Sta. Lucia Group has set its sights on the fast-growing middle class in emerging cities outside of Metro Manila.The rapid growth of this middle class segment is fueled by millions of hardworking overseas Filipino workers (OFWs) and the persevering small and medium enterprise (SME) owners.

As such, SLI has diversified its project portfolio. From its core business of horizontal residential developments, it has also ventured into vertical projects, such as townhouses, condominiums, and condotels.

The visionary leadership begun by siblings Buenaventura and Marcela has been successfully passed on to the next generations of leaders, managers, employees, and local and international sales force of SLR and SLI. Nurtured by 44 years of experience in the real estate industry, Sta. Lucia Group can only grow wider, and taller. Its family tree of projects -- completed, ongoing, or about to take root--are in seasoned, nurturing hands.

MISSION

To uphold the value of the family and raise the quality of life of people and let their needs be our guide in our land development, thrust and activities.

VISION

To become the country's leading Real Estate Company not in sheer size but in ways more meaningful -- quality projects, quality business plans, growth, returns and innovation. And in doing so, contribute to the economic and social progress.

VALUES

SLI puts utmost importance on family, integrity, and strength of character. These values ensure that the vision and mission SLI put forth from the very beginning is accomplished to fruition. These values also guarantee the future of Sta Lucia Land Inc as a responsible, productive, and profitable corporate citizen that places the Filipino Family first among its priorities.

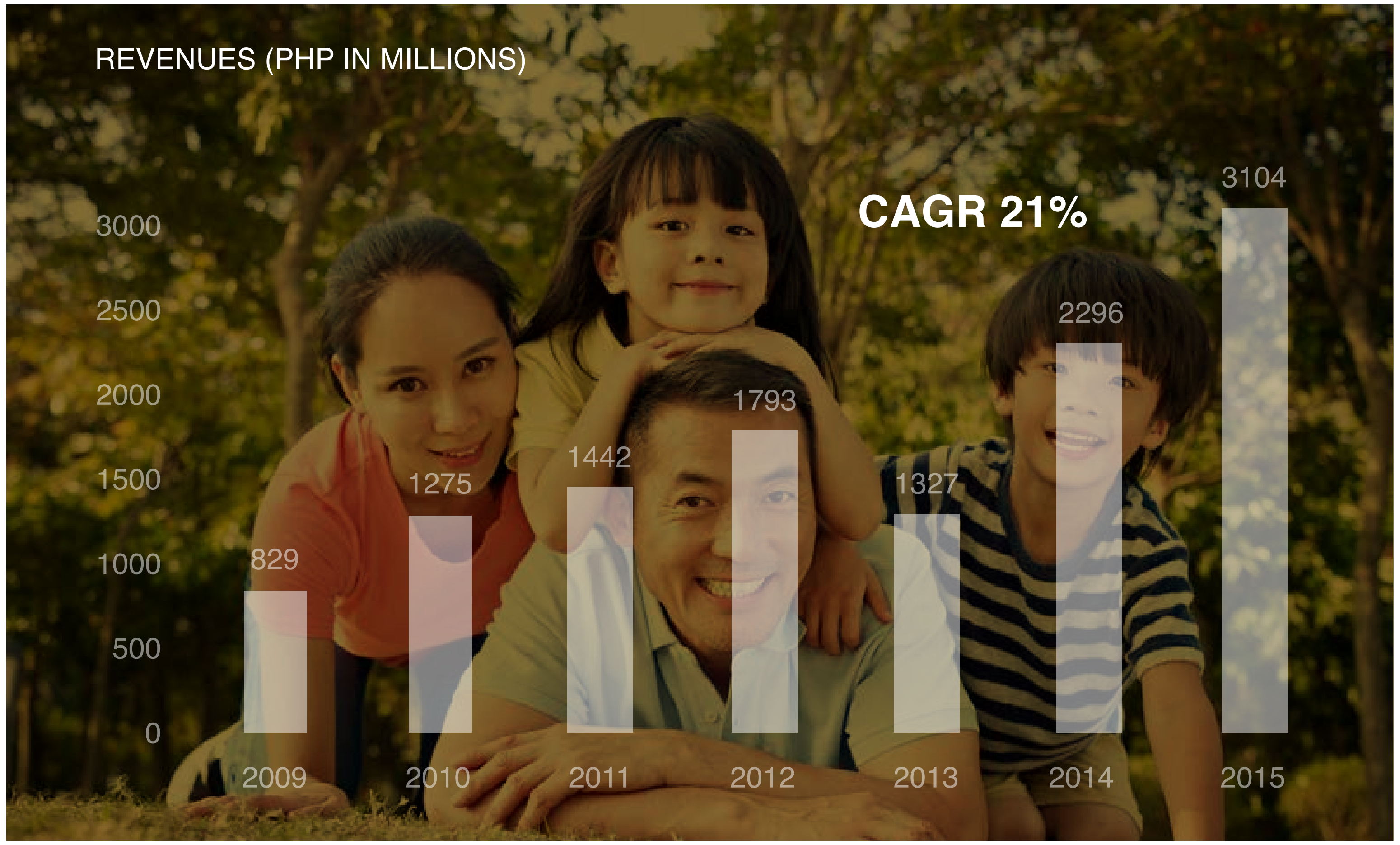
ALTA VISTA, CEBU

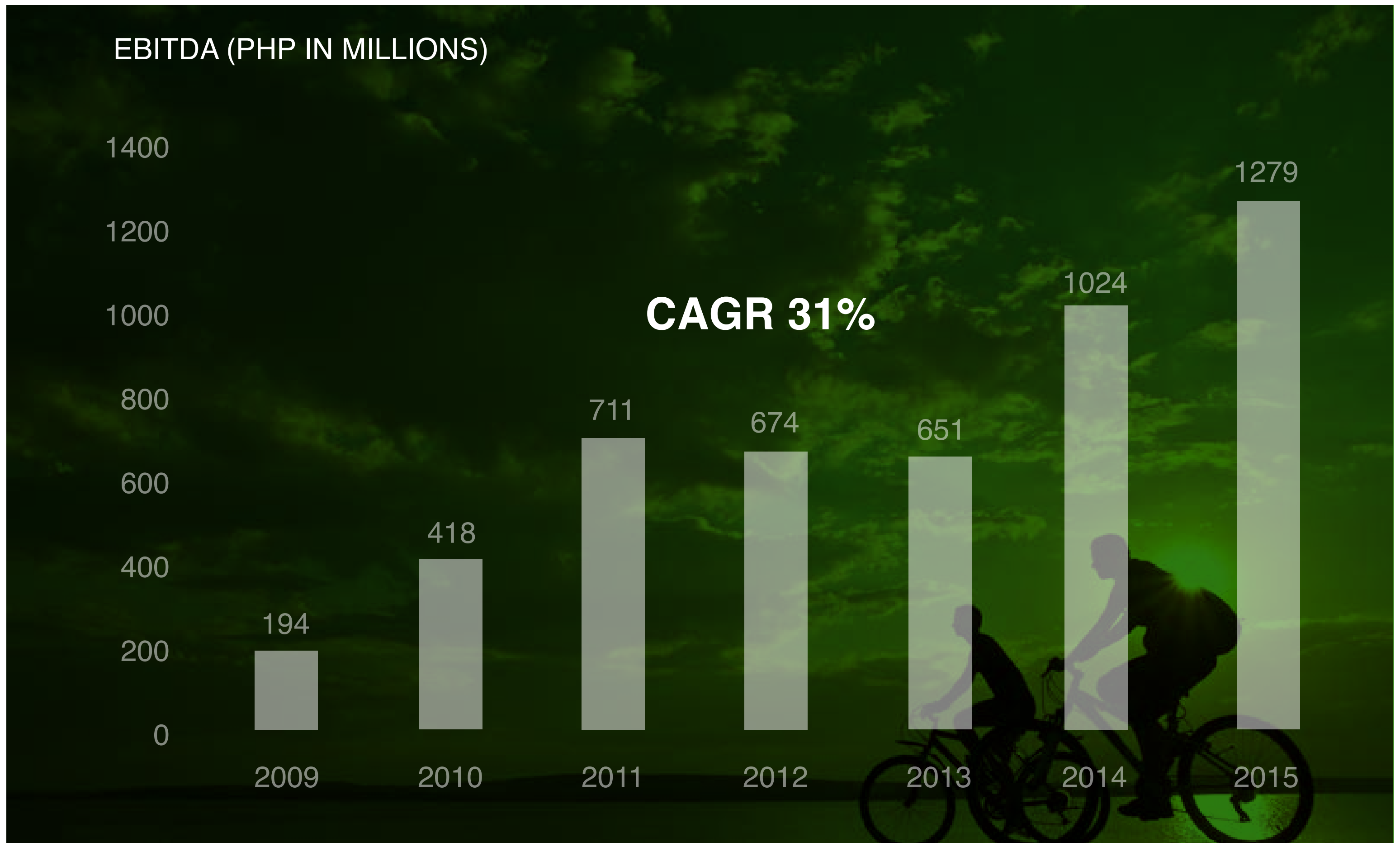
FRUITS OF OUR LABOR.

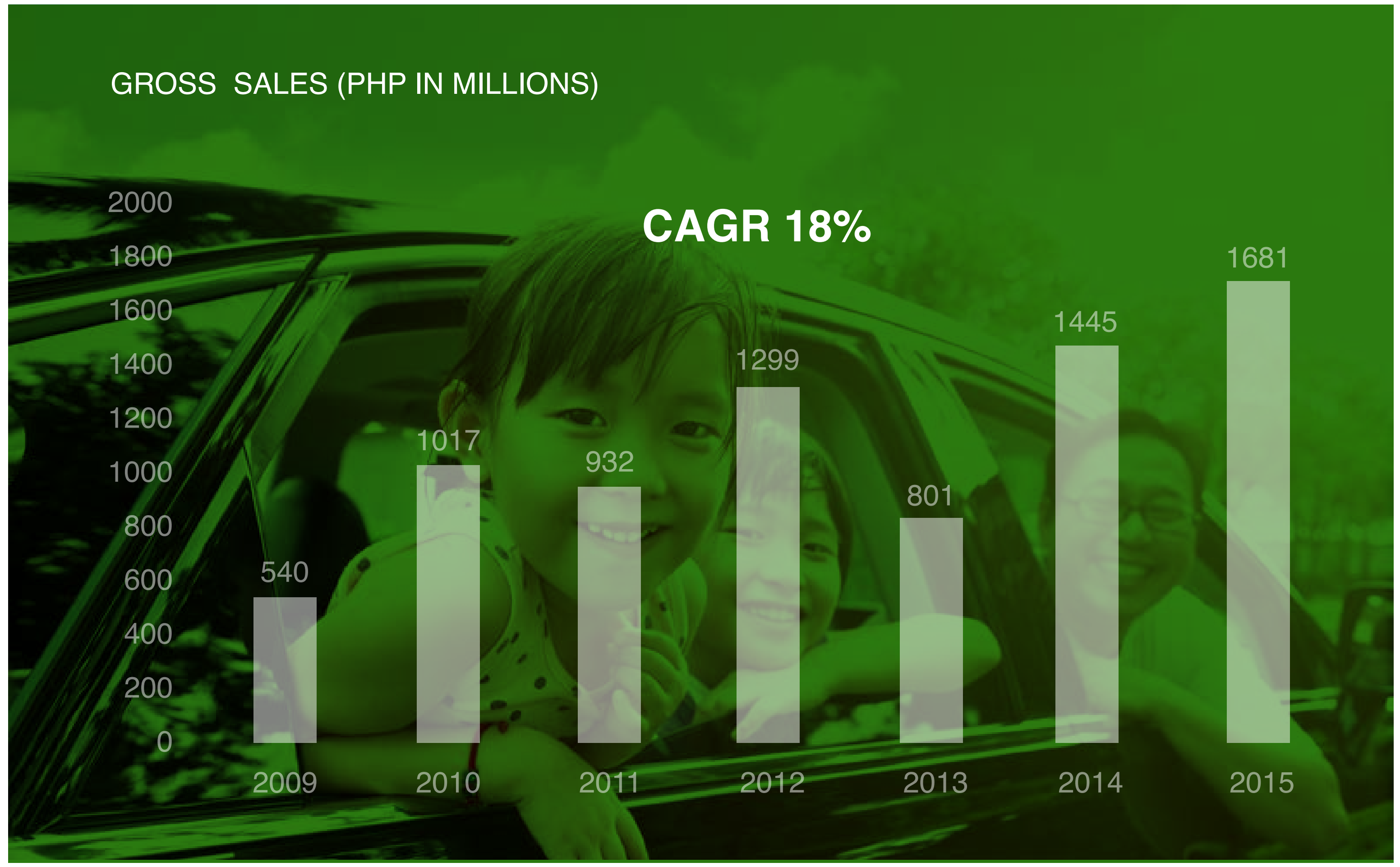
IT'S HARVEST TIME, AND OUR TREE HAS BLESSED US WITH THE FRUITS OF OUR LABOR.

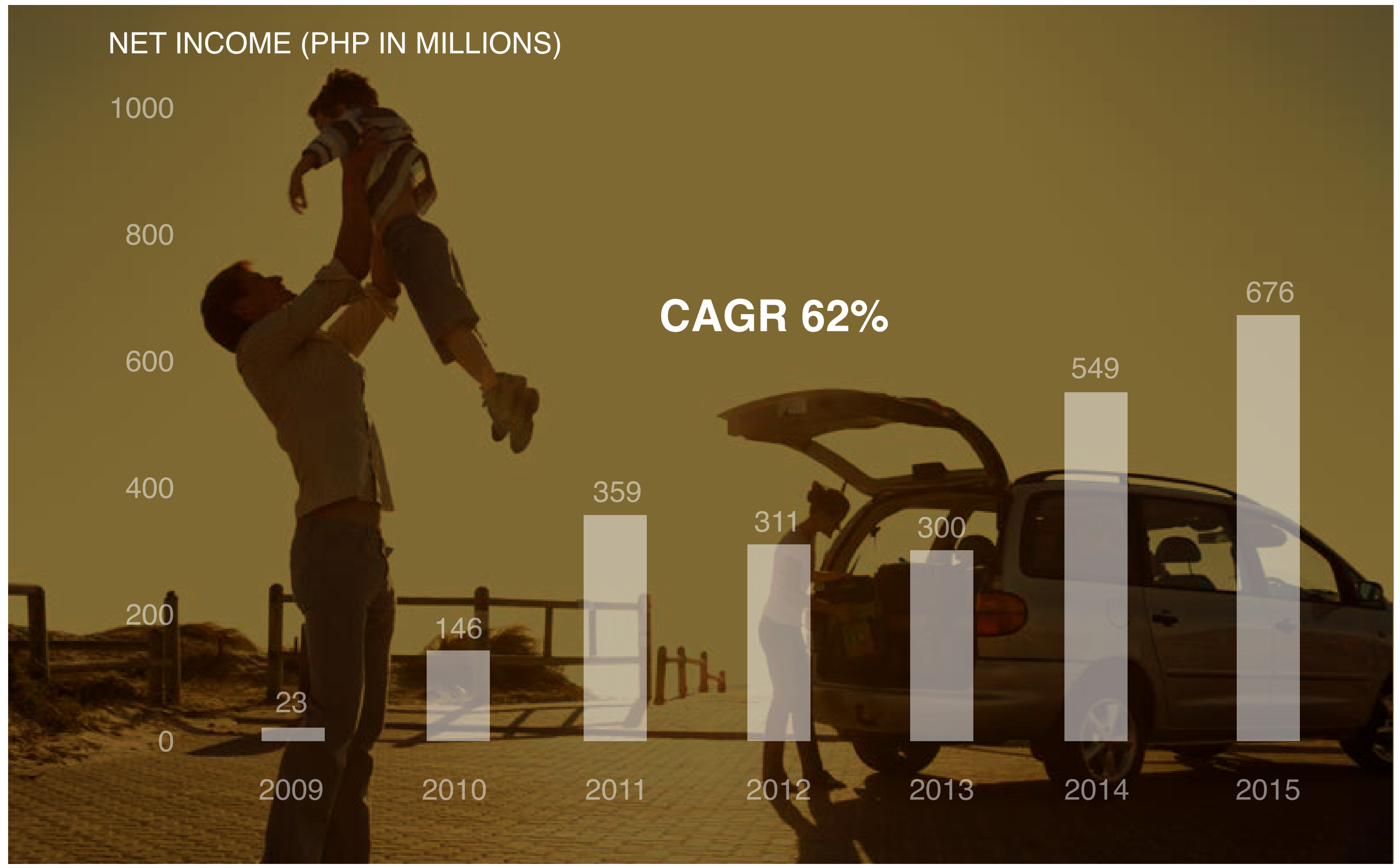
We thank the fertile ground, as well, for making our tree, our home, sturdy and productive. In the past years, the Philippine real estate and construction industries have experienced an unprecedented boom, and Sta Lucia Land Inc has both been one of its contributors and beneficiaries. The following pages show SLI's growth and successes--in financials, awards and recognition, reviews, and milestone projects completed. Time to bring out the ladders.

FINANCIAL HIGHLIGHTS

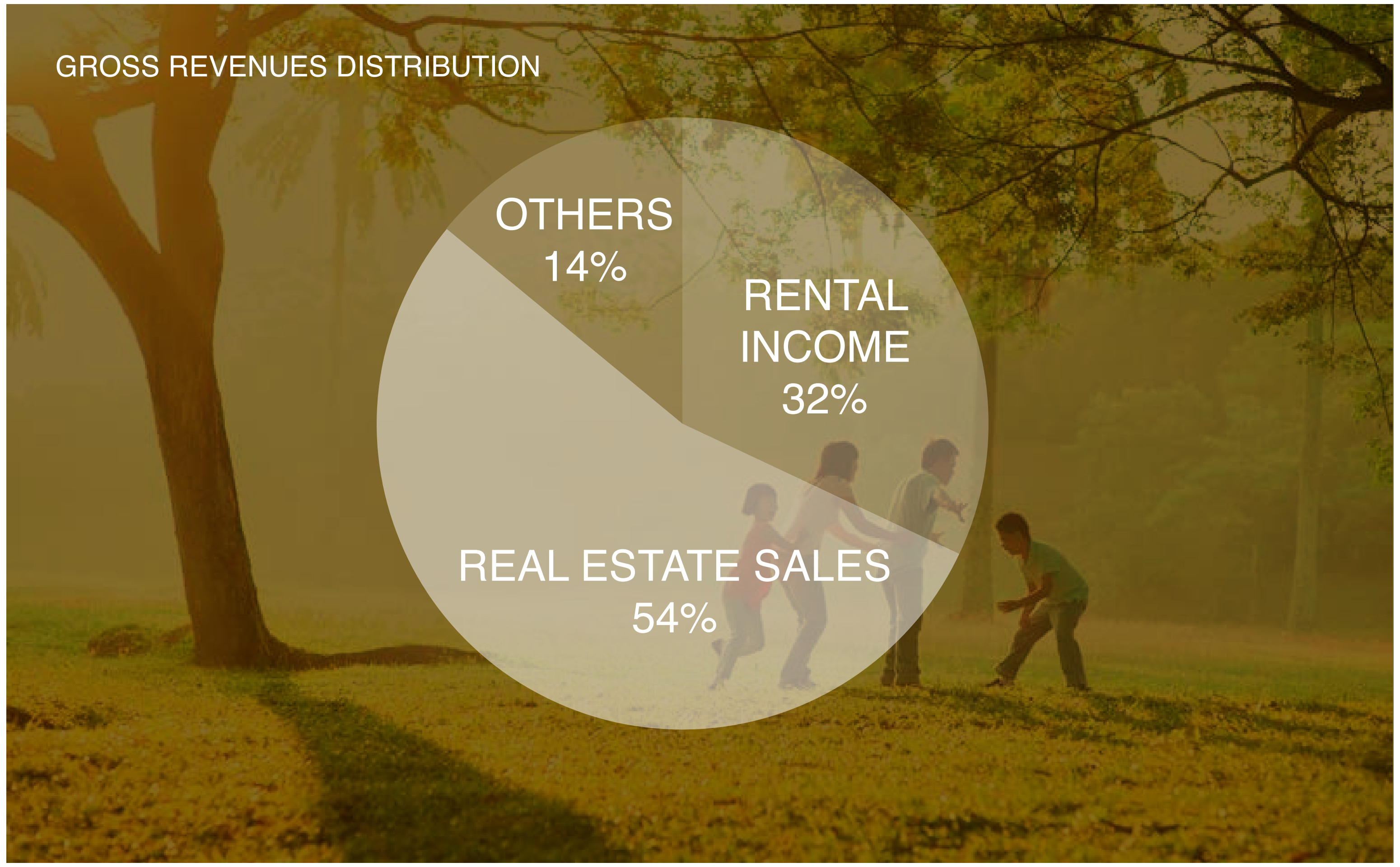








FINANCIAL HIGHLIGHTS



OUR BOARD OF DIRECTORS AND MANAGEMENT TEAM

What, exactly, do members of the board of directors and key management do? Let's liken them to dedicated gardeners. The gardener tends to the plants--provides the water and nourishment that they need, ensures that the soil is fertile, and keeps pests and other threats at bay. The gardener also makes sure that the plant looks its best by pruning, landscaping, and cleaning the surrounding areas where the plants grow.

In much the same way, board members and the management team make sure that our company, Sta Lucia Land Inc, grows only in the best environment possible: Their key purpose is to ensure the company's prosperity by collectively directing the company's affairs, while meeting the appropriate interests of its shareholders and stakeholders. They must deal primarily with business and financial issues, as well as the challenges relating to corporate governance, corporate social responsibility and corporate ethics.

And much like gardeners who see the significance and special place of every seedling they have planted, and know beforehand the flowers, leaves and fruits the seeds will eventually become, SLI's "gardeners"-- our board and key management -- know, by heart and by their vast experience, the potentials of the company they are nurturing, and have set into motion a mission towards fulfilling a vision for the company. It is the same vision that all of us share at SLI. We are all seeds of one majestic tree.

EAST BEL-AIR, CAINTA

BOARD OF DIRECTORS

Exequiel D. Robles
President and Director

Mr. Exequiel D. Robles is the current President and Director of the company.

He is also the President and CEO of Sta. Lucia Realty & Development Inc.

Vicente R. Santos
Chairman

Mr. Vicente R. Santos is the Chairman of Sta. Lucia Land Inc.

He is also the EVP of Sta. Lucia Realty & Development Inc.

BOARD OF DIRECTORS & KEY OFFICERS

Left to Right: David Dela Cruz – EVP/CFO, Mariza Santos-Tan – Treasurer/Director (seated), Ferdinand R. Guiang – Independent Director, Vicente R. Santos – Chairman/Director (seated), Antonio D. Robles - Director, Exequiel D. Robles – President/Director (seated), Osmundo C. De Guzman, Jr. – Independent Director, Orestes R. Santos- Director, Santiago Cua – Director (seated) and Aurora D. Robles – Assistant Treasurer/Director.

NOT IN PICTURE:

Atty. Patricia A. O. Bunye – Corporate Secretary,
Atty. Pancho G. Umali – Assistant Corporate Secretary
Atty. Crystal I. Prado – Assistant Corporate Secretary/Legal Head
Ms. Maria Teresita R. Olaguer – VP HRD.



MANAGEMENT

Left to Right (Back): David Dela Cruz, CPA/MBA – EVP/CFO, Regen Daryl Santos - Purchasing Officer, Jeremiah Pampolina, MBA – VP Corporate Planning/Investor Relations, Vincent Santos – VP Purchasing, Pedro Cabusay Jr, CPA/MBA – VP MIS, Mardon Santos – VP Collections, Paul Michael Robles – VP Sales & Marketing, Jayson Robles – VP Project Management and Jason Santos – Customer Service.

Left to Right (Front): Mark Davies Santos – VP Finance, Hanani Bautista, CPA – VP Accounting, Ria Rivadeneira – AVP Sta. Lucia Homes Inc., Karen Joseph – Project Manager (seated), Kristine May Robles-Ordiz – VP Treasury (seated), Michelle Robles-De Castro – VP Advertising & Promotions (seated at table) and Ma. Rosario Santos – Commercial Centers Manager (seated).

MARKETING PARTNERS

SANTALUCIA VENTURES INC.

Sta. Lucia Land Inc launched its first international office in September 2011 in London in the United Kingdom. This was followed by its Singapore office in November of the same year. In July 2012, Sta. Lucia Land Inc opened another office in Dubai in United Arab Emirates. Currently, Sta. Lucia Land, Inc., with its international reach, has accredited real estate brokers and salespersons in Dublin, Ireland; Rome, Italy; and Barcelona, Spain. With the mission "Building Better Lives," Sta. Lucia Land Inc is sincerely dedicated to provide finest quality and affordable real estate properties for every Filipino in Luzon, Visayas, and Mindanao.

ROYALE HOMES MARKETING CORPORATION

Royale Homes Marketing Corp - Envisioned to become the leading real estate marketing organization in the country, Royale Homes Marketing Corporation was founded in September 8, 1994. Royale Homes, having shown its strength in real estate marketing, was tapped by Sta. Lucia Realty and Development Inc to exclusively market a number of its premier residential and resort projects nationwide. It has also marketed the real estate properties of the joint venture partners of Sta. Lucia Realty.

ASIAN PACIFIC REALTY & BROKERAGE CORPORATION

The Asian Pacific Group of Companies started as a realty marketing organization, the Asian Pacific Realty & Brokerage Corporation founded by Realtor Arsenio Montojo de Guzman, Jr. and Realtor Gloria E. Manzano de Guzman after a successful stint with one of the country's biggest subdivision developers. Though originally incorporated on June 16, 1973, it began its formal operations in 1974.

FIL-ESTATE GROUP OF MARKETING COMPANIES

Fil-Estate Realty Corp was founded on January 15, 1981. From its initial years, a close relationship has been developed between Sta. Lucia Realty & Development Inc as the developer and Fil-Estate as the exclusive marketing arm for select projects. This relationship has continued to prosper over the succeeding years, resulting in many successful launches and sales of a host of first-class subdivision and golf course developments.

OPMC ORCHARD PROPERTY MARKETING CORPORATION

Orchard Property Marketing Corp (OPMC) is a subsidiary of Sta. Lucia Realty & Development Inc, a solid, professional network backed by a good name in the real estate industry. The company was organized in 1995 to exclusively market Sta. Lucia projects. With offices in Metro Manila, Metro Cebu, Metro Davao, Lucena City and Bulacan, OPMC is taking larger steps towards servicing its growing clientele for its diverse products all over the Philippines.

STA. LUCIA GLOBAL INC.

Sta. Lucia Global Inc. is the newest marketing partner of Sta. Lucia Land Inc.

1PREMIERE LAND Marketing Company

1Premiere Land Marketing Company was established in June 2011. Its leadership has more than 52 cumulative years of experience in the real estate business. This is one of the reasons 1Premiere Land Marketing Company has rapidly grown into one of the most dynamic, competent, and effective organizations in the real estate industry today.

MEGAEAST PROPERTIES, INC.

Mega East Properties Inc (MEPI) is the youngest and most dynamic marketing arm of real estate industry giant, Sta. Lucia Realty and Development Corp (SLRDC) and Sta. Lucia Land. Entrusted with a limited but strategic set of inventories by the property giant, MEPI carries dream lots located in the residential, business and tourism corridors of Quezon City, Marikina, Caloocan, Provinces of Rizal, Tagaytay and Paniqui, Tarlac.

AWARDS & CITATIONS

While a job done well merely satisfies, a job done excellently, and consistently year after year, delights, and is given due recognition.

Sta Lucia Land Inc had been awarded by Reader's Digest Asia the Gold Seal for 6 straight years--from 2006 to 2011, for being among the most trusted brands in the Philippines.

Ernst & Young also recognized Ms Exequiel D. Robles as a finalist for the Entrepreneur of the Year in 2007.

It has also received numerous other awards for product excellence and innovation, including the following:

- BCI Asia Top 10 Developers of the Philippines – Sta. Lucia Land Inc. 2012
- Myproperty.ph – Best Investment Award Splendido Taal Tower 1 2012
- Golf Digest USA 2009-2012 : Top 10 Best Golf Course Design in the Philippines Eagle Ridge Golf & Country Club
- World Golf Awards - Best Golf Course in the Philippines Nominee: Eagle Ridge Golf & Country Club 2008
- CREBA Developer of the Year – 2003

VISTAMAR, CEBU

MAJOR MILESTONES

ONCE A SEED IS PLANTED ON GOOD SOIL, GROWTH IS BUT CERTAIN.

The seed of the Sta Lucia Group had been planted on soil made fertile by the vast experience and fervent entrepreneurial spirit of its two founders, and nourished by the overpowering sense of mission and vision. That seed planted four decades ago is now a tall, majestic tree. In its years of steady growth, the Sta Lucia Group set major milestones.

The Group's early beginnings as a developer of subdivisions began in 1972 under the name Buen-Mar Realty ("Buen-Mar") established by siblings Buenaventura Robles and Marcela Robles-Santos, aided by their spouses Dominga Dumandan-Robles and Atty. Felipe G. Santos. Buen-Mar gave way to the creation of what is now prominently known as the Sta. Lucia brand – a name rooted in the family's strong religious beliefs. Saint Lucia, also known as Lucia of Syracuse or Saint Lucy, is the patron saint of vision. The name 75 "Lucia" is derived from the Latin word for light. Atty. Felipe Santos and 19-year old Exequiel Robles, the eldest of the Robles siblings, took over the Group and incorporated Sta. Lucia Realty & Development, Inc., a move which paved the way to the Group's venture into full-scale horizontal land development. Exequiel D. Robles continued his father's work in real estate as head of the Group.

In 2007, the Company was listed in the PSE via backdoor listing. SLRDI acquired a controlling interest in Zipporah Realty Holdings, Inc. ("ZRHI"), then a holding company, by subscribing to a total of 97.22% of ZRHI's outstanding capital stock in exchange for the assignment of certain real estate development projects of SLRDI. After the asset-for-share swap, the shareholders of ZRHI caused the amendment of its articles of incorporation to, among others, change the primary and secondary purposes and the corporate name to what is now known as Sta. Lucia Land, Inc.

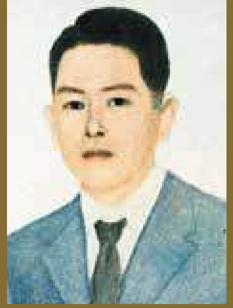
From its beginnings more than 40 years ago, the Group has grown to be an established nationwide developer of gated subdivision lots catering to the middle class in emerging cities. The following are the major developments in the history of the Group:

ARTERRA CEBU (ARCHITECTURAL PERSPECTIVE)

MAJOR MILESTONES

1972

Buenaventura Robles and Marcela Robles- Santos established Buen-Mar Realty to develop gated subdivisions



1991

Development of the Sta. Lucia East Grand Mall (SLEGM), the first mall in Cainta, Rizal

2007

Back-door listing of the Group's assets by acquiring Zipporah Realty Holdings, Inc. and the formation of Sta. Lucia Land, Inc as the sole developer of the Group.

2009

Launch of the first master planned lake community in Iloilo (Greenmeadows)

Launch of the Company's first high-rise project in Metro Manila called La Breza Tower

2012

Start of the development of the Company's first townhouse project comprised of 7 clusters, the Nottingham Villas Townhomes in Rizal province. The first cluster was sold out in less than a year.

2013

Incorporation of Sta. Lucia Homes and Santa Lucia ventures into house construction and marketing services.

2014 - 2015

Opening of the Company's expansion mall in Cainta, Rizal, the Il Centro. This expansion mall is located within the Company's planned 5-tower project called the Sta. Lucia Residenzes. The first of the Mediterranean-inspired towers, Monte Carlo, is nearing completion

Land acquisitions were also made in Davao, Bauan Batangas and Batangas City.

NEW PROJECTS LAUNCHED
Construction of "Santorini", the 2nd of the 5 planned towers in Sta Lucia Center in Cainta, Rizal
Launch of the Company's first Condotel development in Davao City, the Soto Grande Hotel Suites
Almeria Verde, a 77,000 sqm. subdivision development in Dagupan

2 hectare expansion of Vermont Park in Antipolo
30 hectare subdivision development named Greenpeak Heights in Rizal
A 6 storey Condotel called Stradella as part of the master planned East Bel-Air project in Cainta
A 20 storey Condotel in Cebu named Arterra and
A 9 storey condominium in Neopolitan Fairview

NEW JOINT VENTURE PROJECTS
Over 116 hectares in Davao covering 3 projects
Over 130 hectares in Iloilo representing expansions in both the Centro Verde and Green Meadows projects
60 hectares in Summit Point, Batangas; and
7 hectares in Greenpeak Heights, Palawan

STA. LUCIA GROUP'S LANDMARK PROJECTS

TEN THOUSAND HECTARES OF LAND DEVELOPED WITH OVER 220 PROJECTS IN 10 OF 13 REGIONS IN THE PHILIPPINES IN A SPAN OF 44 YEARS IS NO MEAN FEAT.

But among the 100 million square meters or so of the signature Sta Lucia brand of developments, we can easily point out our landmark projects that put the Sta Lucia Group on the property industry map. These are the projects that the set the standards of building, and living, in the community where they were located. These represent the realization of the Group's ideals in horizontal and vertical, residential, recreational and leisure developments.

They are the sweetest of the fruits, and the brightest of the flowers.


ALTA VISTA, CEBU, 400 HA


STRADELLA, CAINTA


LA BREZA, QUEZON CITY


ARTERRA, CEBU, 2 HA


CLUB MOROCCO, ZAMBALES

STA. LUCIA GROUP'S LANDMARK PROJECTS

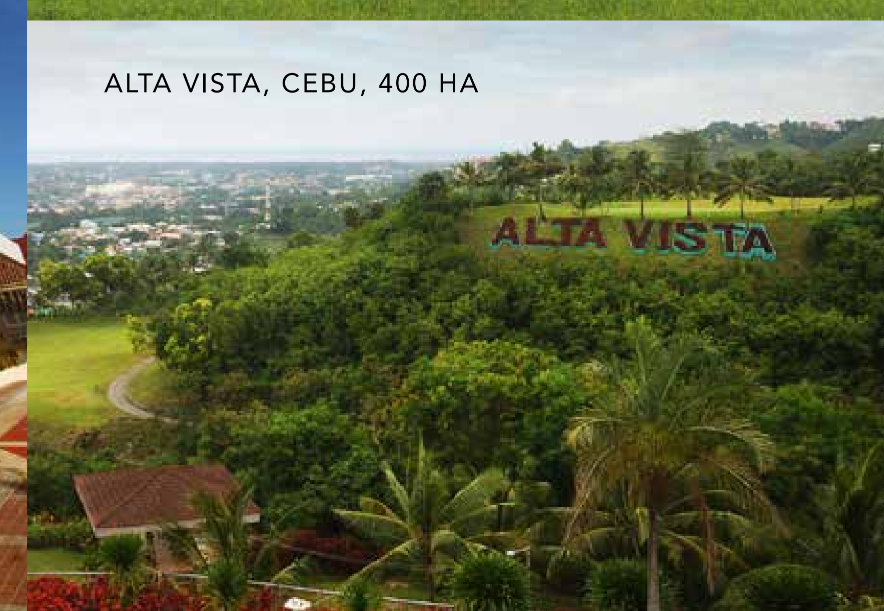

RESIDENCIA DE VISTAMAR, CEBU


SPLENDIDO, TAGAYTAY, 244 HA


NOTTIGHAM VILLAS, TAYTAY

SOTOGRANDE, CEBU


COLINAS VERDES, BULACAN, 300 HA



ALTA VISTA, CEBU, 400 HA

STA. LUCIA GROUP'S LANDMARK PROJECTS

STA. LUCIA RESIDENZE, CAINTA

GREENMEADOWS, ILOILO

EAGLE RIDGE, CAVITE, 800 HA

EAST BEL-AIR, CAINTA

STA. LUCIA MALL, CAINTA

ORCHARD GOLF & COUNTRY CLUB,
CAVITE 360 HA

MAIDEN BOND OFFERING 2015 – AA+

December 22, 2015

The nurturing, dedication, and expertise the men and women have lent to Sta Lucia Land Inc over the decades have borne much fruit, indeed. And in these bountiful harvests, the community has accorded much confidence in this majestic--yet still growing--tree.

SLI has displayed corporate maturity, and flexed its business muscle when it raised P4 billion Corporate Bond and was listed in the Philippine Dealing Exchange in December 2015.

"We are pleased to inform you that CRISP has assigned an 'AA+' rating on Sta. Lucia Land, Inc. (SLI) based on the following rating factors:

Solid 40-year track record. Sta. Lucia Land, Inc. (SLI) is a key player in the Philippine property development sector... SLI and SLG have a combined 40-year track record that created a footprint in 10 major regions and cities in the county as they developed over 10,000 hectares of land and more than 220 residential subdivisions. Through the years, SLI has also added 14 golf courses in its portfolio with world-class championship courses.

Well established brand recognition as a property developer. The combined 40-year presence of SLI and SLG in the highly competitive real estate market has created an immediate brand recognition today as a reputable property developer. This brand recognition enables SLI's marketing of its projects to Filipino homebuyers. SLI maintains a sales force of more than 120,000 sales agents from 6 marketing companies with an exclusive relationship with 4 of these companies.

Low debt burden. SLI has operated mostly from internally generated funds and has only tapped banks for its direct borrowings for just over P3 billion as against its assets of P17.8 billion and total equity of P11.7 billion. SLI's low debt provides the company a broader flexibility in financing its future expansion programs by tapping the capital market with fresh debt and further equity infusion.

Outlook: Stable. CRISP assigns a stable outlook on Sta. Lucia as it is expected to maintain its sales and revenue trajectory in a competitive but stable property development market. CRISP notes SLI's currently low level of cash relative to its working capital requirements. CRISP has also noted SLI's longstanding relationship with its suppliers that have accorded the company a generous suppliers' credit arrangement that has worked as a stable source of credit for SLI for many years. Notwithstanding these arrangements, SLI also informed CRISP of a firm commitment for readily available credit by a bank, should it be necessary.

CRISP's observation regarding SLI's need to build up its management team and structure has been addressed by the company's plan to further develop its team with more senior and seasoned management personnel in the immediate term.

Overall, CRISP is confident that given the solid and reputable performance by SLI in the property development sector would enable the company to pay its debt with relatively small risk and maximum loss recovery up to the full amount.

Sincerely,

EMMANUEL A. LEYCO
PRESIDENT
CREDIT RATING AND INVESTORS SERVICES PHILIPPINES, INC. (CRISP)

EXCERPT OF THIRD PARTIES ON STA. LUCIA LAND INC.

May 13, 2016

China Bank:

"We have been providing our clients with a wide range of investment banking services: financial advisory, arranging and underwriting loan syndications, project finance, and debt and equity capital market transactions. Led by our Investment Banking Group, and now through our new subsidiary, China Bank Capital Corp., China Bank has solidified its position as one of the preferred partners of issuers in the last three years, with noteworthy landmark deals in 2015 that included the P4.0 billion Sta. Lucia Land, Inc. (SLI) maiden retail bonds issuance.

China Bank is honored to have served as issue manager, lead underwriter, and book-runner in SLI's maiden debt capital markets and public offering through a P4.0 billion retail bond issuance—a transaction that marked SLI's first capital market exercise since its backdoor listing in 2007.

The bonds were met with strong demand from both institutional and retail investors, translating to an order book of over P6 billion — allowing SLI to issue P4 billion, and to price at the tightest end of the spread guidance.

China Bank is likewise privileged to have acted as a ratings advisor to SLI in its credit ratings exercise, resulting in the company achieving an AA+ rating by Credit Rating and Investors Services Philippines, Inc., representing the credit worthiness of the bond issue.

We are proud to have made this partnership with SLI as they endeavor to realize their aspiration of 'Building Dreams' for the people. We are also very grateful for the trust they put in China Bank and continue to wish success for the company in its future ventures."

MR. RICARDO R. CHUA
China Bank
President & CEO

VISTAMAR, CEBU

AB Capital Research Report

"We outline our key investment highlights for SLI:

1. Revenue from residential development remains intact. SLI earmarked P14.9 billion in capital expenditures for 2015-2017. Roughly 76% of the capex is allocated to project development costs, ensuring that near-term growth remains intact. Meanwhile, P2.9 billion, or 19% of the total capex, will be used to fund land acquisitions.

2. Growing Target Market. SLI's target market of growing middle class in emerging cities outside Metro Manila remains strong given the steady growth in OFW remittances.

3. Sta. Lucia Homes can potentially be big. Sta. Lucia Homes, the construction arm of SLI, can instantly create value by tapping more than 60,000 owners of both SLR and SLI in having their homes built. This segment can serve as an additional revenue segment for SLI.

4. Balance Sheet is underleveraged. SLI currently has a debt-to-equity ratio of 0.28 versus the industry average of 0.69. Meanwhile, SLI's net debt-to-equity stood at 0.26 as of 1H15 versus the industry average of 0.52. By increasing its debt, SLI's balance sheet can still be further optimized and improve its return on equity. We view the bond offer as a positive development for SLI allowing it to have a strong cash base for project development.

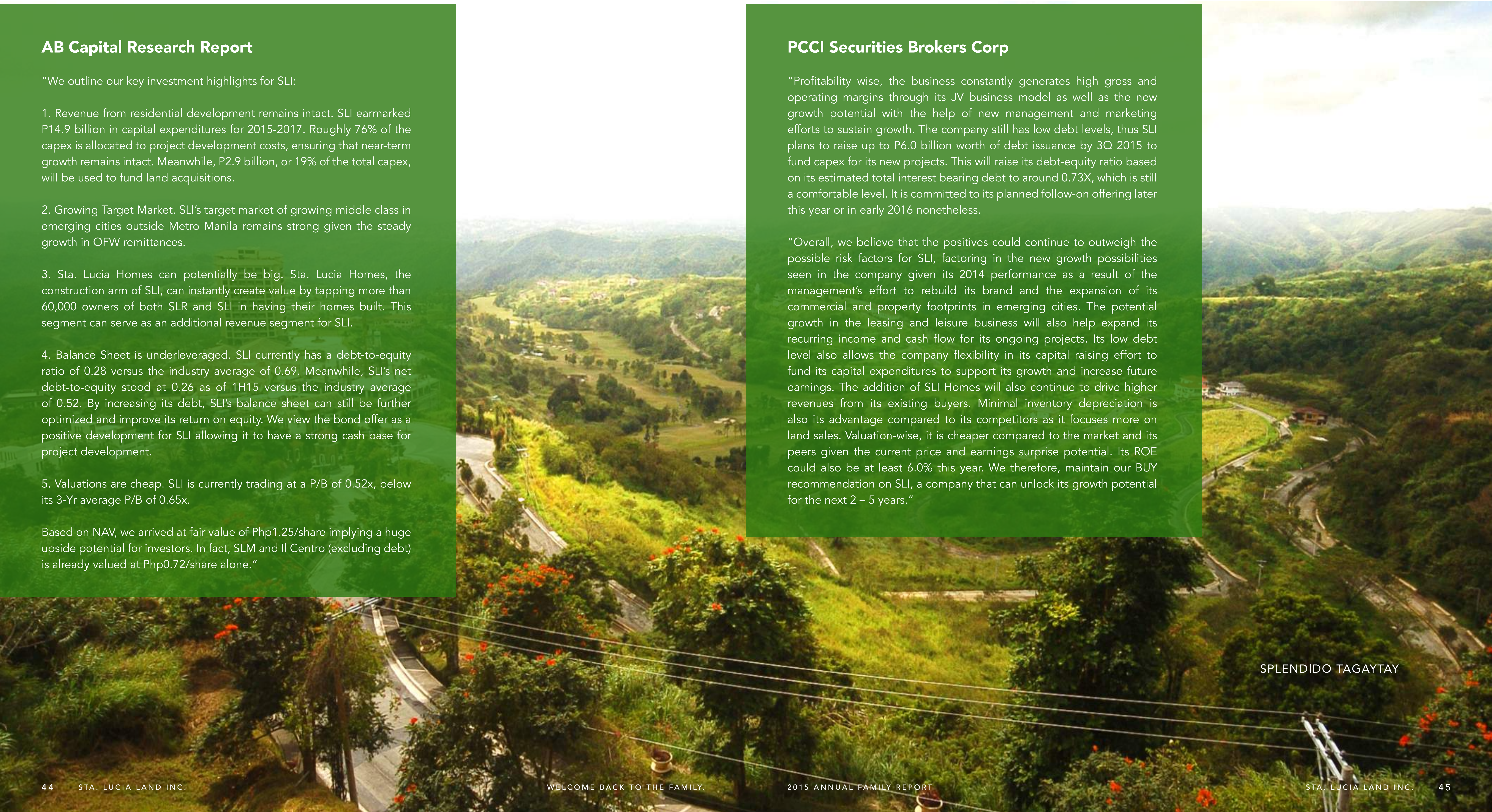
5. Valuations are cheap. SLI is currently trading at a P/B of 0.52x, below its 3-Yr average P/B of 0.65x.

Based on NAV, we arrived at fair value of Php1.25/share implying a huge upside potential for investors. In fact, SLM and Il Centro (excluding debt) is already valued at Php0.72/share alone."

PCCI Securities Brokers Corp

"Profitability wise, the business constantly generates high gross and operating margins through its JV business model as well as the new growth potential with the help of new management and marketing efforts to sustain growth. The company still has low debt levels, thus SLI plans to raise up to P6.0 billion worth of debt issuance by 3Q 2015 to fund capex for its new projects. This will raise its debt-equity ratio based on its estimated total interest bearing debt to around 0.73X, which is still a comfortable level. It is committed to its planned follow-on offering later this year or in early 2016 nonetheless.

"Overall, we believe that the positives could continue to outweigh the possible risk factors for SLI, factoring in the new growth possibilities seen in the company given its 2014 performance as a result of the management's effort to rebuild its brand and the expansion of its commercial and property footprints in emerging cities. The potential growth in the leasing and leisure business will also help expand its recurring income and cash flow for its ongoing projects. Its low debt level also allows the company flexibility in its capital raising effort to fund its capital expenditures to support its growth and increase future earnings. The addition of SLI Homes will also continue to drive higher revenues from its existing buyers. Minimal inventory depreciation is also its advantage compared to its competitors as it focuses more on land sales. Valuation-wise, it is cheaper compared to the market and its peers given the current price and earnings surprise potential. Its ROE could also be at least 6.0% this year. We therefore, maintain our BUY recommendation on SLI, a company that can unlock its growth potential for the next 2 – 5 years."



SPLENDIDO TAGAYTAY

Papa Securities Report:

Beefing up presence in the complementary leisure

The 20 complementary leisure segment will be driven by the completion of new condotels. There are currently 3 ongoing condotel projects which are set to be completed by 2015-2017 and 1 upcoming in Quezon City. This could capture the growth in tourism as most of the condotels are located in tourist destinations like Arterra Residences and Sotogrande Davao.

Increase recurring income through retail

The company plans to beef up its recurring income through retail expansion. It plans to build 1-2 malls in Iloilo and Davao, possibly adjacent to its properties such as Greenmeadows Iloilo and Ponte Verde Davao... The company is also exploring other options, such as leasing its properties to other mall operators, to expand its recurring income.

SPLENDIDO, TAGAYTAY

AB Capital Research Report

"We outline our key investment highlights for SLI:

1. Revenue from residential development remains intact. SLI earmarked P14.9 billion in capital expenditures for 2015-2017. Roughly 76% of the capex is allocated to project development costs, ensuring that near-term growth remains intact. Meanwhile, P2.9 billion, or 19% of the total capex, will be used to fund land acquisitions.

2. Growing Target Market. SLI's target market of growing middle class in emerging cities outside Metro Manila remains strong given the steady growth in OFW remittances.

3. Sta. Lucia Homes can potentially be big. Sta. Lucia Homes, the construction arm of SLI, can instantly create value by tapping more than 60,000 owners of both SLR and SLI in having their homes built. This segment can serve as an additional revenue segment for SLI.

4. Balance Sheet is underleveraged. SLI currently has a debt-to-equity ratio of 0.28 versus the industry average of 0.69. Meanwhile, SLI's net debt-to-equity stood at 0.26 as of 1H15 versus the industry average of 0.52. By increasing its debt, SLI's balance sheet can still be further optimized and improve its return on equity. We view the bond offer as a positive development for SLI allowing it to have a strong cash base for project development.

5. Valuations are cheap. SLI is currently trading at a P/B of 0.52x, below its 3-Yr average P/B of 0.65x.

Based on NAV, we arrived at fair value of Php1.25/share implying a huge upside potential for investors. In fact, SLM and Il Centro (excluding debt) is already valued at Php0.72/share alone."

October 12, 2015

Philstocks Financial Inc:

"We recommend SLI as a BUY given its (i) profitability, (ii) low debt level, (iii) leading position in horizontal property development, (iv) growth potential, and (v) attractive stock valuation.

SLI has maintained a high profitability level due primarily to its JV business model scheme which has kept acquisition costs low and spread out risks between the partners. Gross margins at the company's real estate operations have been kept near the 50% level as with its mall operations. Operating and net margins are at healthy levels of 36% and 25%, respectively, higher by 10 and 8 basis points from just four years earlier. We expect these margin levels to remain steady in the next two years.

In terms of debt, SLI managed a slim amount of borrowings, made up mostly of short-term debt, to finance its growth with debt at 27% of equity. This, however, is expected to rise to a still manageable 37% following the completion of its planned PhP5.0 debt offering within the year. The refinancing of short-term debt will effectively move the company's debt over to longer-term maturities.

Apart from its core business of selling developed subdivisions, SLI is tapping house construction as a new revenue stream which could potentially accelerate the sale of more lots moving forward. In addition, plans of putting up more commercial spaces and condo/hotel projects could boost the company's recurring rental income stream and likewise elevate its presence in both the retail commercial property and hospitality/tourism sectors.

SLI is trading at a discount. SLI stock is trading at 7x its estimated earnings for 2015, a discount within the subsector of listed property developers with similar scope of operations (residential subdivisions, condominiums, commercial malls, leisure hotels and gold courses) and with values of market capitalization ranging between PhP1.0bn to 45bn. With a subsector PER average of 18x, SLI's multiple is trading at a comparatively attractive discount relative to its peers. In terms of price to book value per share, SLI's 0.5x is also at a steep discount to the subsector average of 2.7x. By other measures, the company has outperformed the subsector in terms of revenue growth (SLI's 74% vs subsector's 41% average), profitability (operating margin of 32% v subsector's 25% average), and leverage (debt-to-equity of 27% v 59%)."

ALTA VISTA, CEBU

INVESTMENTS IN PHILIPPINE RACING CLUB INC. (PRC)

The Company is primarily engaged in the business of operating and maintaining a racetrack covered by its franchise, and managing betting stations located within Metro Manila and other parts of the country. Moreover, PRC is engaged in acquiring and developing real properties including but not limited to leisure, recreational and memorial parks and owning, operating, managing and/or selling real estate. Racing operations of PRC are under the supervision of the Philippine Racing Commission while the betting aspects of racing are under the supervision of the Games and Amusements Board. PRC has ownership interest in Philippine Newtown Ventures Corporation and PRCI Circuit Makati, Inc.

VISIONS AND STRATEGIES

MORE EARTH TO TAKE ROOT IN, MORE SPACE TO GROW TALLER AND WIDER

The SLI family tree has all the space, and nurturing, it needs to grow ever bigger and stronger, and it has set its sights for 2020 on a path that would use its inherent strengths, as well as tap into newfound ones.

SLI will continue its joint venture growth formula that has yielded significant returns, kept acquisition costs low and spread out risks between the partners.

With over 40 years of success in horizontal developments, Sta. Lucia Group will build upon this core strength of strategic landbanking, positioning its projects and properties in prime locations nationwide where employment, educational, commercial, and recreational facilities are highly accessible. SLI will also continue to situate its projects where majority of its target markets are located.

To address its key market, the fast-growing middle class, SLI will accelerate the development and completion of its ongoing projects, particularly in Rizal, Bulacan, Cavite, Davao, Tarlac, Cebu, Batangas and Iloilo City.

Acknowledging the needs of one of our biggest, and fastest-growing clientele, the overseas Filipinos (OFs), SLI will expand its international marketing channels for the convenience of millions of OFs who will be looking to build or own their first homes in any of the key growth centers in the Philippines.

Sta Lucia Homes, the construction arm of SLI, will be given a more significant role in our growth towards 2020, as its tremendous potential can be seen in the services it can provide to the over 60,000 owners of both Sta Lucia Realty and SLI in building their homes, thus creating another significant revenue stream for SLI.

SLI will also enhance and increase its recurring income via retail expansion, as plans to build malls in Iloilo and Davao will commence. Recurring income will also be achieved by leasing SLI properties to other mall operators.

THE SHELTERING TREE

CORPORATE SOCIAL RESPONSIBILITY

THE SHELTERING TREE:
CORPORATE SOCIAL RESPONSIBILITY

While the Sta Lucia Group takes pride in the fact that its tree grows ever taller and wider, countless individuals would be more grateful of its growing canopy--providing protection and shelter--during life's harshest moments.

For the past 40 years, Sta Lucia Group has established, and maintained, a number of corporate social responsibility (CSR) programs that have addressed specific needs of the various sectors of our society.

In particular, our CSR programs have focused on two key sectors: The Family and environment, and; Sports development.

In our CSR programs for the family and the environment, the Sta Lucia Group, for 10 years, has consistently sponsored the Kiwanis' annual Christmas parties for underprivileged kids, helping provide food, gifts, games, and free movie showing treats in Sta Lucia Mall.

Sta Lucia Mall has also opened the Caritas Charity Store, which sells donated goods, the entire proceeds of which go to Caritas Manila.

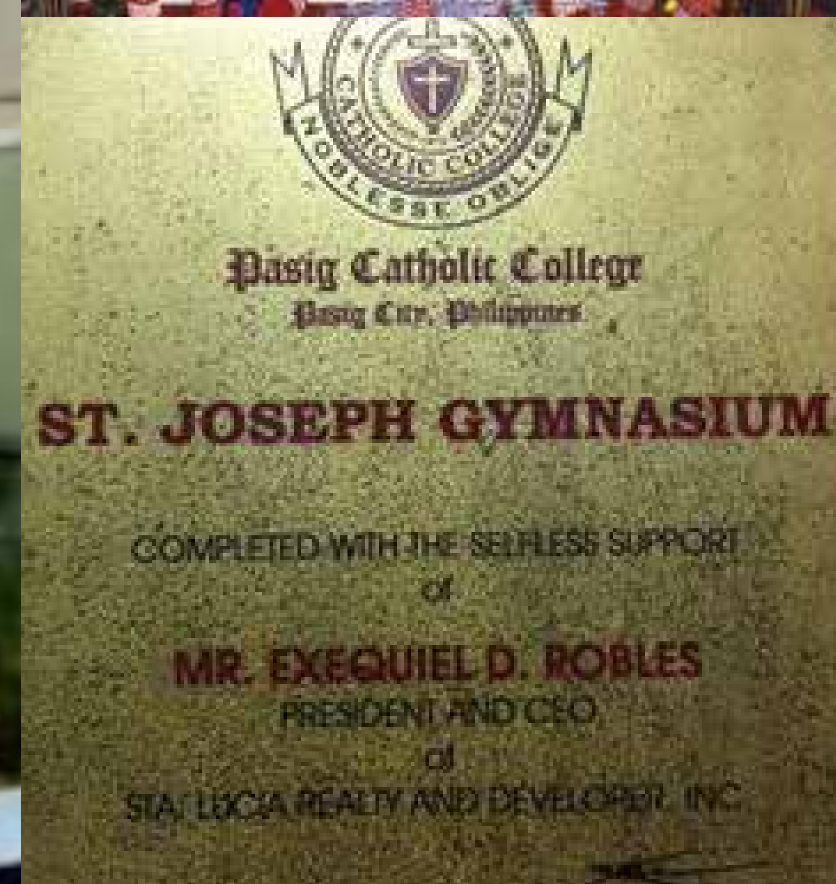
The Sta Lucia Group has taken care of the Filipino family in times of the worst natural calamities. In 2009, at the height of Typhoon Ondoy's devastation, Sta Lucia Mall became a safe haven for affected families in its immediate vicinity. The stores were opened the day after the storm passed, to serve those who took shelter in the mall.

And even in other areas where the strongest tropical cyclones pass and leave destruction in their wake, the Sta Lucia Group has extended its helping arms. This was what it did for Davao and Iloilo when these two places were hit hardest by Typhoon Pablo in 2012.

Sta Lucia has also conducted regular activities designed to improve the quality of life of participants. These include annual earthquake drills, 100 free eye operations under the Sta Lucia Healthcare program, Grandparents' Day in malls, and Christmas decor recycling that Sta has maintained for 10 years.

For its sports development programs, the Sta. Lucia Group has sponsored a basketball team to provide employment to qualified players under the Pilipinas Commercial Basketball League (PCBL).

THE SHELTERING TREE:
CORPORATE SOCIAL RESPONSIBILITY



CORPORATE GOVERNANCE

The Company submitted its Manual on Corporate Governance (the "Manual") to the Philippine SEC on July 1, 2013 in compliance with Philippine SEC Memorandum Circular No. 6, series of 2009. The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in its Corporate Governance Manual. An evaluation system has been established by the Company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance.

ALTA VISTA CLUBHOUSE, CEBU

OUR RESOURCES.
OUR FINANCES.
OUR STRENGTH IN NUMBERS.

They say numbers constitute the universal language. Words get translated into many tongues, and are interpreted differently, depending on the culture, context, and circumstances. But numbers are absolute and exact.

For Santa Lucia Land Inc, the strongest way to convey our successes the past year is to tell it as it is, by the numbers--through the following financial statements that have been verified by the best auditing firm in the land.

The SLI that you see from the ground up, our horizontal and vertical projects, our happy family of managers, supervisors, employees and agents, our earnest efforts as responsible corporate citizens, are all made possible because of our sound, rather robust, financial health.

The tallest and strongest tree in the forest stands on the most fertile of grounds, facing the East where the energy-giving rays of the morning sun touches the earth first.

SPLENDIDO, TAGAYTAY

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 for the year ended **December 31, 2015,** including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders for the period December 31, 2015, have examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such examination.

VICENTE R. SANTOS
Chairman of the Board

EXEQUIEL D. ROBLES
President/ Chief Executive Officer

DAVID M. DELA CRUZ
Chief Financial Officer

Signed this 12th day of April, 2016

MANDALUYONG CITY

APR 13 2016

SUBSCRIBE AND SWORN to before me this ____________ day of ____________ 2016, affiant exhibiting to me their ____________________

Doc. No. 285 :
Page 58 :
Book No. IV :
Series of 2016

JERRY B. DELA CRUZ
Notary Public for Mandaluyong City
Until 31 December 2017
PTR No. 2621270/01.05.16/Mandaluyong
MCLE Compliance No. V-0009664/08.13.1
IBP No. 1012639/12.14.15/RSM
Appointment No. 0257-16
Roll No. 47018
G/F State Center II Bldg.,
Ortigas Avenue, Mandaluyong City

Penthouse, Building 3, Sta. Lucia East Grand Mall cor. Felix Ave., & Marcos Hi-way, Cainta, Rizal 1900
Tel. Nos.: 681-7332 / 681-5220 to 21 Fax No.: 681-7467 www.stalucialand.com.ph

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 0 0 0 3 1 0 5 0

COMPANY NAME

S T A . L U C I A L A N D , I N C . A N D S U B S
I D I A R I E S

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

P e n t h o u s e B l d g . 3 , S t a . L u c i a
M a l l , M a r c o s H i g h w a y c o r . I m e l
d a A v e n u e , C a i n t a , R i z a l

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)**
267	06/17	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.

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 AUDITORS' REPORT

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 the accompanying consolidated financial statements of Sta. Lucia Land, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, 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, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sta. Lucia Land, Inc. and its subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

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. 5321703, January 4, 2016, Makati City

April 11, 2016

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

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 25)	**₱2,215,001,603**	₱116,071,782
Receivables (Notes 5, 18 and 25)	**2,251,406,179**	2,086,579,200
Real estate inventories (Note 6)	**8,855,519,517**	7,967,316,512
Other current assets (Note 7)	**1,481,407,147**	1,610,740,816
Total Current Assets	**14,803,334,446**	11,780,708,310
Noncurrent Assets		
Noncurrent installment contracts receivables (Notes 5 and 25)	**798,468,774**	510,146,024
Investment properties (Note 9)	**4,983,804,483**	4,760,314,588
Property and equipment (Note 10)	**43,158,393**	38,633,920
Available-for-sale financial assets (Notes 8 and 25)	**722,683,658**	729,933,085
Other noncurrent assets	**19,335,851**	18,632,234
Total Noncurrent Assets	**6,567,451,159**	6,057,659,851
	₱21,370,785,605	₱17,838,368,161
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 11, 18 and 25)	**₱1,776,069,039**	₱1,693,940,082
Short-term debt (Notes 13 and 25)	**700,000,000**	3,198,051,669
Customers' deposits (Note 12)	**656,774,906**	743,822,964
Income tax payable	**32,803,900**	29,044,281
Total Current Liabilities	**3,165,647,845**	5,664,858,996
Noncurrent Liabilities		
Long-term debt (Notes 13 and 25)	**4,909,759,683**	–
Pension liabilities (Note 19)	**1,977,813**	1,987,500
Deferred tax liabilities - net (Note 23)	**593,693,864**	439,237,667
Total Noncurrent Liabilities	**5,505,431,360**	441,225,167
Total Liabilities	**8,671,079,205**	6,106,084,163
Equity		
Capital stock (Note 14)	**10,796,450,000**	10,796,450,000
Additional paid-in capital (Note 14)	**330,004,284**	192,053,636
Retained earnings	**1,913,919,919**	1,237,759,693
Treasury shares (Note 14)	**(740,000,000)**	(900,000,000)
Unrealized gain on fair value of available-for-sale financial assets (Note 8)	**399,308,690**	406,558,117
Remeasurement gain (loss) on pension liabilities	**23,507**	(537,448)
Total Equity	**12,699,706,400**	11,732,283,998
	₱21,370,785,605	₱17,838,368,161

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2015	2014	2013
REVENUE			
Real estate sales	**₱1,680,680,817**	₱1,445,350,119	₱801,241,139
Rental income (Notes 9, 18 and 22)	**984,445,801**	504,335,795	355,102,666
Interest income (Notes 4, 5 and 15)	**125,433,255**	83,443,459	88,760,073
Commission income	**99,165,403**	73,202,048	19,028,609
Construction income	**9,404,488**	28,036,774	–
Dividend income (Note 8)	**7,157,683**	5,673,449	5,544,035
Others (Note 16)	**198,071,752**	156,279,536	57,236,458
	3,104,359,199	2,296,321,180	1,326,912,980
COSTS AND EXPENSES			
Costs of real estate (Note 6)	**799,986,609**	761,459,659	420,502,156
Costs of rental income (Notes 9 and 16)	**594,663,528**	248,841,127	108,091,700
Costs of construction	**5,980,313**	19,039,099	–
	1,400,630,450	1,029,339,885	528,593,856
SELLING AND ADMINISTRATIVE EXPENSES			
Commissions	**302,729,338**	199,603,673	85,423,330
Interest expense (Notes 13 and 17)	**136,680,717**	115,007,836	104,554,948
Taxes, licenses and fees	**53,699,902**	44,734,511	43,989,647
Salaries and wages and other benefits (Note 19)	**55,468,201**	41,387,406	29,356,188
Advertising	**54,938,303**	34,597,545	56,801,392
Professional fees	**29,229,060**	11,046,435	9,714,129
Representation	**22,599,775**	7,549,044	6,258,495
Utilities	**13,884,181**	3,926,680	2,716,712
Depreciation and amortization (Note 10)	**11,735,945**	3,557,340	4,466,045
Repairs and maintenance	**4,347,920**	1,753,347	3,263,122
Provision for doubtful accounts (Note 5)	**3,658,747**	–	267,050
Miscellaneous	**41,308,319**	20,100,950	16,815,650
	730,280,408	483,264,767	363,626,708
INCOME BEFORE INCOME TAX	**973,448,341**	783,716,528	434,692,416
PROVISION FOR INCOME TAX (Note 23)	**297,288,115**	234,969,242	134,689,298
NET INCOME	**676,160,226**	548,747,286	300,003,118
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Unrealized gain (loss) on fair value of available-for-sale financial assets (Note 8)	**(7,249,427)**	(623,265)	2,525,880
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on pension liabilities - net of tax (Note 19)	**560,955**	(238,095)	(80,361)
OTHER COMPREHENSIVE INCOME (LOSS)	**(6,688,472)**	(861,360)	2,445,519
TOTAL COMPREHENSIVE INCOME	**₱669,471,754**	₱547,885,926	₱302,448,637
Basic/Diluted Earnings Per Share (Note 24)	**₱0.079**	₱0.073	₱0.028

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 gain on fair value of available-for-sale financial assets (Note 8)	Remeasurement losses on pension liabilities - net of tax (Note 19)	Total
				For the Year Ended December 31, 2014			
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
				For the Year Ended December 31, 2013			
Balances as of January 1, 2013	₱10,796,450,000	₱192,053,636	₱–	₱389,009,289	₱404,655,502	(₱218,992)	₱11,781,949,435
Comprehensive income							
Net income	–	–	–	300,003,118	–	–	300,003,118
Other comprehensive income (loss)	–	–	–	–	2,525,880	(80,361)	2,445,519
Total comprehensive income (loss)	–	–	–	300,003,118	2,525,880	(80,361)	302,448,637
Balances as of December 31, 2013	₱10,796,450,000	₱192,053,636	₱–	₱689,012,407	₱407,181,382	(₱299,353)	₱12,084,398,072

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱973,448,341**	₱783,716,528	₱434,692,416
Adjustments for:			
Depreciation and amortization (Notes 9 and 11)	**168,540,862**	125,280,851	112,557,745
Interest expense (Notes 13 and 17)	**136,680,717**	115,007,836	104,554,948
Provision for doubtful accounts (Note 5)	**3,658,747**	–	267,050
Retirement expense (Note 19)	**791,678**	622,464	411,698
Loss on disposal of property and equipment	–	30,684	–
Dividend income (Note 8)	**(7,157,683)**	(5,673,449)	(5,544,035)
Fair value gain on repossessed inventory (Notes 6 and 16)	**(55,459,774)**	(33,155,466)	–
Interest income (Notes 4, 5 and 15)	**(125,433,255)**	(83,443,459)	(88,760,073)
Operating income before changes in working capital	**1,095,069,633**	902,385,989	558,179,749
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	**(475,703,380)**	(635,635,460)	(35,800,358)
Real estate inventories	**(590,924,650)**	446,628,649	(242,132,991)
Other current assets	**(292,872,515)**	(665,434,035)	(382,305,212)
Increase (decrease) in:			
Accounts and other payables	**141,368,762**	75,168,085	(174,936,552)
Customers' deposits	**(85,846,218)**	70,542,708	391,433,281
Net cash generated from (used in) operations	**(208,908,368)**	193,655,936	114,437,917
Interest paid (including capitalized borrowing costs)	**(178,787,134)**	(142,682,298)	(131,104,999)
Interest received	**81,930,477**	64,490,387	54,157,407
Income taxes paid	**(87,861,456)**	(70,299,730)	(23,832,877)
Net cash generated from (used in) operations	**(393,626,481)**	45,164,295	13,657,448
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Note 9)	**(230,989,501)**	(461,001,666)	(172,934,276)
Property and equipment (Note 10)	**(16,836,582)**	(19,776,128)	(16,932,348)
Other noncurrent assets	**(703,617)**	(1,831,245)	(5,877,184)
Disposal of property and equipment	–	1,814,156	–
Dividends received	**1,108,658**	5,673,449	9,095,717
Net cash used in investing activities	**(247,421,042)**	(475,121,434)	(186,648,091)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of treasury shares	**297,950,648**	–	–
Proceeds from loans (Note 13)	**6,611,000,000**	1,214,732,531	1,445,775,000
Payment of loans (Note 13)	**(4,179,291,986)**	(691,492,411)	(1,323,614,110)
Increase (decrease) in payable to related parties	**10,318,682**	(7,674,867)	16,206,104
Net cash provided by financing activities	**2,739,977,344**	515,565,253	138,366,994
NET INCREASE (DECREASE) IN CASH	**2,098,929,821**	85,608,114	(34,623,649)
CASH AT BEGINNING OF YEAR	**116,071,782**	30,463,668	65,087,317
CASH AT END OF YEAR (Note 4)	**₱2,215,001,603**	₱116,071,782	₱30,463,668

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Sta. Lucia Land, Inc. (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 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 East Grand 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).

The end of the corporate life of the Parent Company is on December 5, 2016. The Parent Company plans to renew its 50-year corporate life before the said date.

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 is rescinded.
2. The Ultimate Parent Company transfers 3,000 million shares of the Parent Company in favor of the latter as full payment for the P1,801.11 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 September 30, 2014, the lease agreement on Sta. Lucia East Grand Mall (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 2014 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 management fee from SLECC for the period January 1, 2014 to September 30, 2014 amounting to ₱262.71 million. The rental income for 2015 reflects, on the other hand, rental income directly from tenants for whole year of 2015.

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).

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 11, 2016.

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 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	**2015**	2014	2013
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 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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards and improvements to PFRS which the Group has adopted starting January 1, 2015. Unless otherwise indicated, the adoption did not have any significant impact on the financial statements of the Group.

- Amendments to Philippine Accounting Standards (PAS) 19, Defined Benefit Plans: Employee Contributions
- Annual Improvements to PFRSs 2010 - 2012 Cycle
  - PFRS 2, *Share-based Payment* - Definition of Vesting Condition
  - PFRS 3, *Business Combinations* - Accounting for Contingent Consideration in a Business Combination
  - PFRS 8, *Operating Segments* - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets
  - PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets* - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization
  - PAS 24, *Related Party Disclosures* - Key Management Personnel
- Annual Improvements to PFRSs 2011 - 2013 Cycle
  - PFRS 3, *Business Combinations* - Scope Exceptions for Joint Arrangements
  - PFRS 13, *Fair Value Measurement* - Portfolio Exception
  - PAS 40, *Investment Property*

Standards Issued But Not Yet Effective
The Group has not applied the following PFRS and PAS which are not yet effective as of December 31, 2015. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. Unless otherwise indicated, adoption of these standards and interpretations are not expected to have any significant impact on the financial statements of the Group.

No definite adoption date prescribed by the SEC and Financial Reporting Standards Council (FRSC)
- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures* - Investment Entities: Applying the Consolidation Exception (Amendments)

Effective January 1, 2016
- PAS 27, *Separate Financial Statements* - Equity Method in Separate Financial Statements (Amendments)
- PFRS 11, *Joint Arrangements* - Accounting for Acquisitions of Interests (Amendments)
- PAS 1, *Presentation of Financial Statements* - Disclosure Initiative (Amendments)
- PAS 14, *Regulatory Deferral Accounts*
- PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture* - Bearer Plants
- PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets* - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)
- Annual Improvements to PFRSs (2012-2014 cycle)
  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* - Changes in Methods of Disposal
  - PFRS 7, *Financial Instruments: Disclosures* - Servicing Contracts
  - PFRS 7, Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements
  - PAS 19, *Employee Benefits* - regional market issue regarding discount rate
  - PAS 34, *Interim Financial Reporting* - disclosure of information 'elsewhere in the interim financial report'

Effective January 1, 2018

- PFRS 9, *Financial Instruments*
  In July 2014, the International Accounting Standards Board (IASB) issued the final version of International Financial Reporting Standards (IFRS) 9, *Financial Instruments*. The new standard (renamed as 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. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. 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 Group is currently assessing the impact of adopting this standard.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Group is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- IFRS 15, *Revenue from Contracts with Customers* (effective January 1, 2018)
  IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 principals in IFRS 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 IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Group is engaged in selling activities of real estate projects while construction is in progress or even before it has started. The standard is expected to impact the revenue recognition on these precompleted real estate sales whether revenue will be recognized at a point-in-time or over time. If there will be a change in revenue recognition, this will also impact the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings account. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- IFRS 16, *Leases* (effective January 1, 2019)
  On January 13, 2016, the IASB issued its new standard, IFRS 16, which replaces PAS 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. 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.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 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 IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

<u>Cash</u>
Cash includes cash on hand and in banks and cash equivalents. Cash in bank earns 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 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 by 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>Financial Assets and Financial Liabilities</u>
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 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, 2015 and 2014, 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, 2015 and 2014, loans and receivables of the Group consist of cash, 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.

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 quoted 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, 2015 and 2014, the Group's other financial liabilities consist of accounts and other payables, excluding statutory liabilities, short-term debt and long-term debt.

<u>Debt Issuance Costs</u>
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.

<u>Impairment of Financial Assets</u>
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. 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.

Derecognition of Financial Assets and Liabilities
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 rights to receive cash flows from the asset have expired;
b. the Group retains the right to receive cash flows from the asset, but has assumed as obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
c. the Group has transferred its right to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) 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, 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 costs of sale.

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. The includes 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. 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	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

The useful life and depreciation 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 Ventures
Interests in joint ventures represent one or more assets, usually in the form of real estate development, contributed to, or acquired for the purpose of the joint venture and dedicated to the purposes of the joint venture. The assets are used to obtain benefits for the venturers. Each venturer may take a share of the output from the assets and each bears an agreed share of the expenses incurred. These joint ventures do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer has control over its share of future economic benefits through its share of the jointly controlled asset.

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' deposit" 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 or 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 Stock
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 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 full accrual method. In accordance with Philippine Interpretations Committee (PIC) 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 full accrual or 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' deposit" account in the consolidated statement of financial position.

Rental income
Rental income arising from operating leases on investment properties is recognized in the consolidated statement of comprehensive income as follows:3

- 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 that 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 subdivision land and condominium units 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 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 commission when services are rendered by the broker. The commission expense is accrued upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

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.

Basic and Diluted Earnings Per Share
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 investments by the buyer of 20% for real estate for development and sale would demonstrate the buyer's commitment to pay.

Classification of financial instruments

The Group classifies financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of the instruments. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position. The Group determines the classification at initial recognition and reevaluates this designation at every reporting date.

Impairment of AFS financial assets

The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Group treats "significant" generally as 20% or more of the carrying value before provision for impairment and "prolonged" as greater than six months.

As of December 31, 2015 and 2014, the Group believes that its AFS financial assets are not impaired.

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.

Distinction between investment properties and property and equipment

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Property and equipment generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately as of reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment. See Notes 9 and 10 for the related balances.

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

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, and by reference to the actual costs incurred to date over the estimated total costs of the project. For the year ended December 31, 2015, 2014 and 2013, the real estate sales amounted to ₱1,680.68 million, ₱1,445.35 million and ₱801.24 million, respectively, while cost of sales amounted to ₱799.99 million, ₱761.46 million and ₱420.50 million, respectively.

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. 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 and asset impairment
The Group reviews real estate inventories, 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 6, 7, 9 and 10 for the related balances.

Estimating useful lives of investment properties and property and equipment
The Group estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these property and equipment. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. See Notes 9 and 10 for the related balances.

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 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 amounting to ₱9.93 million and ₱2.11 million in 2015 and 2014, respectively. The unrecognized deferred tax asset primarily comes from NOLCO which 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 ₱1.98 million and ₱1.99 million as of December 31, 2015 and 2014, 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.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement 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

	2015	2014
Cash on hand	**₱1,144,906**	₱495,000
Cash in banks	**1,713,856,697**	115,576,782
Cash equivalents	**500,000,000**	–
	₱2,215,001,603	₱116,071,782

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱0.40 million, ₱0.13 million and ₱0.11 million in 2015, 2014 and 2013, respectively (see Note 15).

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 1.00% to 2.00%.

There is no cash restriction on the Group's cash balances as of December 31, 2015 and 2014.

5. Receivables

	2015	2014
Trade		
Subdivision land	**₱1,109,585,310**	₱951,156,248
Condominium units	**325,373,695**	263,821,459
Receivable from related parties (Note 18)		
Trade	**780,791,285**	473,811,274
Non-trade	**595,337,486**	784,882,216
Advances to officers, employees and agents	**132,006,827**	70,609,793
Advances to joint venture	**64,142,169**	14,142,169
Accrued interest receivable	**21,964,023**	16,310,580
Commission receivable	**20,697,996**	12,669,379
Dividend receivable	**11,778,365**	5,729,340
Receivable from tenants	**10,273,707**	5,087,420
Others	**14,361,865**	26,811,970
	3,086,312,728	2,625,031,848
Less unamortized discount	**27,457,179**	22,984,775
	3,058,855,549	2,602,047,073
Less allowance for doubtful accounts	**8,980,596**	5,321,849
	3,049,874,953	2,596,725,224
Less noncurrent installment contracts receivables	**798,468,774**	510,146,024
	₱2,251,406,179	₱2,086,579,200

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 includes set-up of receivables due to returned deposit on land rights to the Parent Company as a result of the rescission of the assignment of land rights (see Note 18).

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 which are replenished upon liquidation. Sales agent advances for marketing activities are likewise included in this balance.

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

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

Commission receivable represents the uncollected and unbilled commission revenue equivalent to a certain percentage of the total contract price of properties sold.

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

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

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

As of December 31, 2015 and 2014, receivables from sales of subdivision land and condominium units with a nominal amount of ₱1,434.96 million and ₱1,214.98 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 2.67% to 5.43% and 4.89% to 6.63% in 2015 and 2014, respectively. The aggregate unamortized discount amounted to ₱27.46 million and ₱22.98 million as of December 31, 2015 and 2014, respectively.

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

	2015	2014
Balance at January 1	**₱22,984,775**	₱26,187,032
Additions	**42,311,890**	26,634,464
Accretion from unamortized discount (Note 15)	**(37,839,486)**	(29,836,721)
Balance at December 31	**₱27,457,179**	₱22,984,775

Movements in allowance for doubtful accounts follow:

	2015	2014
Balance at January 1	**₱5,321,849**	₱5,321,849
Provisions	**3,658,747**	–
Balance at December 31	**₱8,980,596**	₱5,321,849

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

	2015	2014	2013
Accretion from unamortized discount	**₱37,839,486**	₱29,836,721	₱32,942,364
Interest from interest-bearing receivables (Note 15)	**87,197,544**	53,478,315	55,712,158
	₱125,037,030	₱83,315,036	₱88,654,522

6. Real Estate Inventories

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

	2015	2014
Balance at beginning of year	**₱7,967,316,512**	₱8,111,110,094
Construction and development costs incurred	**1,337,248,263**	574,486,375
Land acquired during the year	**178,810,507**	4,726,500
Repossessed real estate inventories	**123,654,177**	78,738,174
Borrowing costs capitalized (Notes 13 and 17)	**48,476,667**	31,290,028
Disposal of raw land	**–**	(71,575,000)
Costs of real estate	**(799,986,609)**	(761,459,659)
Balance at end of year	**₱8,855,519,517**	₱7,967,316,512

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 ₱799.99 million, ₱761.46 million and ₱420.50 million in 2015, 2014 and 2013, respectively.
The Group acquired various land for development amounting to ₱178.81 million and ₱4.73 million in 2015 and 2014, respectively. Initial stages of development are underway on these properties with a view to subsequent sale as subdivision, condominium or commercial.

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 ₱55.46 million and ₱33.16 million in 2015 and 2014, respectively (see Note 16).

Inventories with carrying value amounting to ₱640.81 million were pledged as collateral on a loan facility agreement with the local banks as of December 31, 2014 (see Note 13). No inventories were pledged as collateral as of December 31, 2015.

7. Other Current Assets

	2015	2014
Advances to contractors	**₱963,560,935**	₱1,235,741,378
Prepaid commission	**56,097,912**	176,969,678
Advances to lot owners	**264,905,999**	144,873,240
Input VAT	**141,672,213**	31,669,899
Others	**55,170,088**	21,486,621
	₱1,481,407,147	₱1,610,740,816

Advances to contractors represent payments made in advance for construction. The advances will be settled through recoupment against the contractor's billings and are expected to be liquidated within a year.

Advances to lot owners consist of advance payments to land owners which will be applied against the costs 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.

Others consist of creditable withholding tax that is applied against future income tax payable, prepaid expenses and security deposits for short term leases, among others.

8. Available-for-Sale Financial Assets

This account consists of investments in:

	2015	2014
Quoted AFS financial assets	**₱323,374,968**	₱323,374,968
Net unrealized gain on quoted AFS financial assets	**399,308,690**	406,558,117
	₱722,683,658	₱729,933,085

Unrealized gain or loss on change in market value of AFS securities for the period recognized in OCI amounted to ₱7.25 million loss, ₱0.62 million loss and ₱2.53 million gain in 2015, 2014 and 2013, respectively.

Dividends earned amounted to ₱7.16 million, ₱5.67 million and ₱5.54 million in 2015, 2014 and 2013, respectively.

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

	2015	2014
Balances at beginning of year	**₱406,558,117**	₱407,181,382
Fair value change during the year	**(7,249,427)**	(623,265)
Balances at end of year	**₱399,308,690**	₱406,558,117

AFS with carrying value of ₱377.66 million was pledged as collateral on a short-term loan as of December 31, 2014. No AFS was pledged as collateral as of December 31, 2015 (see Note 13).

9. Investment Properties

The rollforward analyses of this account follow:

	2015				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Total
Cost					
Balances at beginning of the year	₱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 end of the year	1,607,845,000	44,259,000	3,841,185,016	412,409,000	5,905,698,016
Accumulated Depreciation					
Balances at beginning of the year	–	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 end of the year	–	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

	2014					
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Total
Cost						
Balances at beginning of year	₱1,607,845,000	₱44,259,000	₱2,629,773,000	₱412,409,000	₱370,691,702	₱5,064,977,702
Additions	–	–	97,827,334	–	363,174,332	461,001,666
Transfers	–	–	733,866,034	–	(733,866,034)	–
Balances at end of year	1,607,845,000	44,259,000	3,461,466,368	412,409,000	–	5,525,979,368
Accumulated Depreciation						
Balances at beginning of year	–	6,638,850	394,465,950	247,445,400	–	648,550,200
Depreciation (Note 16)	–	1,106,475	74,767,205	41,240,900	–	117,114,580
Balances at end of year	–	7,745,325	469,233,155	288,686,300	–	765,664,780
Net Book Value	₱1,607,845,000	₱36,513,675	₱2,992,233,213	₱123,722,700	₱–	₱4,760,314,588

Depreciation expense was recognized as costs of rental income amounting to ₱156.23 million, ₱117.11 million and ₱108.09 million in 2015, 2014 and 2013, respectively (see Note 16)

The aggregate fair value of the Parent Company's investment properties amounting to ₱7,615.66 million and ₱7,437.69 million as of December 31, 2015 and 2014 were determined by independent professional qualified appraiser. The fair value of the investment properties disclosed in the consolidated financial statements is categorized within Level 3 of the fair value hierarchy.

The fair value of investment properties was arrived 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 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 ₱984.45 million, ₱504.34 million and ₱355.10 million in 2015, 2014 and 2013 respectively. Depreciation in investment properties amounting to ₱156.23 million, ₱117.11 million and ₱108.09 million in 2015, 2014 and 2013, respectively, is included in the costs of rental income in the consolidated statements of comprehensive income.

The carrying value of the investment property pertaining to Building 3 and 4 of Sta. Lucia East Grand Mall amounting to ₱3,442.43 million is pledged as collateral on a loan facility agreement with a local bank (see Note 13) as of December 31, 2014, the said property was released from the pledge on collateral in 2015.

10. Property and Equipment

The rollforward analyses of this account follow:

	2015				
	Office Tools and Equipment	Transportation Equipment	Furniture and Fixtures	Software	Total
Cost					
At beginning of year	₱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
At end of year	9,872,968	45,559,323	6,622,941	38,333,814	100,389,046
Accumulated Depreciation and Amortization					
At beginning of year	4,432,486	9,638,369	2,361,365	28,486,324	44,918,544
Depreciation and amortization	1,319,251	7,705,253	756,921	2,530,684	12,312,109
At end of year	5,751,737	17,343,622	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

	2014				
	Office Tools and Equipment	Transportation Equipment	Furniture and Fixtures	Software	Total
Cost					
Balances at beginning of year	₱5,485,495	₱14,303,337	₱4,056,066	₱36,767,239	₱60,612,137
Additions	1,086,258	17,179,243	215,627	1,295,000	19,776,128
Transfers	2,267,496	2,864,756	5,733	–	5,137,985
Disposals	–	1,973,786	–	–	1,973,786
Balances at end of year	8,839,249	32,373,550	4,277,426	38,062,239	83,552,464

(Forward)

	Office Tools and Equipment	Transportation Equipment	2014 Furniture and Fixtures	Software	Total
Accumulated Depreciation and Amortization					
Balances at beginning of year	3,201,750	5,792,381	1,761,454	26,125,632	36,881,217
Depreciation and amortization	1,230,736	3,974,932	599,911	2,360,692	8,166,271
On Disposals	–	128,944	–	–	128,944
Balances at end of year	4,432,486	9,638,369	2,361,365	28,486,324	44,918,544
Net Book Value	₱4,406,763	₱22,735,181	₱1,916,061	₱9,575,915	₱38,633,920

The cost of fully depreciated property and equipment that are still in use amounted to ₱32.90 million and ₱32.27 million as of December 31, 2015 and 2014, respectively.

Depreciation and amortization expense was presented in the statements of comprehensive income as follows:

	2015	2014	2013
Selling and administrative expenses	**₱11,735,945**	₱3,557,340	₱4,466,045
Costs of rental income (Note 16)	**576,164**	4,608,931	–
	₱12,312,109	₱8,166,271	₱4,466,045

As of December 31, 2015 and 2014, there are no capital commitments for the Group's property and equipment.

11. Accounts and Other Payables

This account consists of:

	2015	2014
Contractors payable	**₱671,525,999**	₱828,726,652
Offsetting payable	**661,007,545**	464,259,502
Accounts payable	**94,942,236**	63,704,990
Withholding tax payable	**87,538,657**	62,030,076
Joint venture payable	**71,890,607**	65,656,019
Retentions payable	**47,946,811**	46,920,798
Accrued payables	**17,208,192**	27,430,303
Advances from shareholders (Note 18)	**16,346,102**	16,346,102
Interest payable	**12,231,235**	8,975,286
Professional fees	**9,767,127**	9,767,127
Commission payable	**4,790,241**	85,388,330
Payable to related parties (Note 18)	**14,580,549**	6,621,381
Others	**66,293,738**	8,113,516
	₱1,776,069,039	₱1,693,940,082

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.

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.

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.

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.

Accrued payables include accruals for operating expenses 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 documentary stamp tax, unearned rent, security deposits from tenants and mandatory employer's contributions which are non-interest 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 the parties enter into a sale transaction. Customers' deposit 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 will be applied against the related installment contracts receivable.

Customers' deposits amounted to ₱656.77 million and ₱743.82 million and as of December 31, 2015 and 2014, respectively.

13. Long-term and Short-term Debt

Short-term debt

Below are the details of the short-term debt:

	2015	2014
Loans under revolving credit facility	**₱500,000,000**	₱1,175,295,520
Single payment short-term loan	**200,000,000**	634,884,011
Loans under notes facility	–	1,390,366,541
	700,000,000	3,200,546,072
Less unamortized debt issuance cost	–	(2,494,403)
	₱700,000,000	₱3,198,051,669

Loans under revolving credit facility agreement
On August 24, 2011, the Group obtained an ₱800.00 million revolving credit facility from China Banking Corporation (CBC), whereby the Group offered real estate properties as collateral. In 2012, the Group fully drawn the remaining revolving credit facility granted in 2011. On October 20, 2012, the Group renewed and fully drawn the credit line which bears fixed interest at 5.25%, with a maturity of one year from drawdown date. On October 25, 2013, the Group renewed its revolving credit facility real estate mortgages (REM) commercial loans amounting to ₱820.00 million, bearing interest rate of 5.25%. As of December 31, 2014, outstanding CBC loan amounted to ₱994.00 million. The loan was settled in full on April 2015. The loan is secured with various real estate mortgages (REM) on land with a carrying value of ₱539.29 million as of December 31, 2014 (Note 9).

During 2015, the Group borrowed ₱500.00 million, unsecured short-term loan with CBC. With the loan principal and interest payable upon maturity on February 2016. The interest rate in 2015 is at 4.6875% p.a. and 5.2500% p.a. for the ₱225.00 million and ₱275.00 million balances, respectively.

In 2012, the Group renewed the peso-denominated short-term loan contract with Bank of the Philippine Islands (BPI) amounting to ₱155.00 million, which bears a fixed interest rate of 7.00% per annum subject to quarterly repricing and payable monthly in arrears which is secured by various real properties with carrying value of ₱261.98 million (see Note 6). The proceeds of the loans were used in the working capital requirements of the Group. As of December 31, 2014, the outstanding loan balance is ₱86.80 million. The loan was settled on May 2015.

On June 12, 2013 and February 13, 2015, the Group availed of a ₱150.00 million credit line agreement with Malayan Bank Savings and Mortgage Bank, whereby the Group offered its 40,000,000 PRCI shares, presented as part of available-for-sale financial assets as collateral (see Note 8). The Group has drawn ₱94.50 million and ₱50.00 million in 2013 and 2015, respectively. As of December 31, 2014, the outstanding loan from this credit line amounted to ₱94.50 million. The loan was settled in 2015.

Single payment short-term loan
The Group entered into a short term secured omnibus line with Asia United Bank in September 2014 amounting to ₱250.00 million. The Group drew ₱100.00 million and ₱150.00 million, in September and November 2014, respectively. The loan is mortgaged with various real estate properties with a carrying value of ₱228.20 million as of December 31, 2014 (see Note 6). Outstanding balance of the loan amounted to ₱250.00 million as of December 31, 2014 which was settled in December 2015.

The Company obtained a one-year secured loan from Rizal Commercial Banking Corporation (RCBC) amounting to ₱49.00 million and ₱50.00 million in 2013 and 2014, respectively and remained outstanding as of December 31, 2014. The loan is secured by various real properties with carrying value of ₱150.63 million (see Note 6).

On December 22, 2014, SLRDI and the Parent Company entered into an agreement wherein the Parent Company assumed the loan of SLRDI from RCBC amounting to ₱285.88 million. Payments of interest to RCBC starting January 2015 will be reimbursed by SLRDI (see Note 18). As of December 31, 2014, outstanding RCBC loan amounted to ₱285.88 million.

In 2015, the Group paid the outstanding balance of all its RCBC loans.

During 2015, the Group secured an uncollateralized loan amounting to ₱200.00 million bearing 5% p.a. interest from Amalgamated Investment Bancorporation. The proceeds of the loan were used to finance the Group's working capital requirements. As of December 31, 2015, the full loan balance remained outstanding.

Loans under notes facility agreement
On November 12, 2009, the Group entered into a Local Currency Notes Facility Agreement with Banco De Oro (BDO) whereby the Group was granted a credit line facility amounting to ₱1,500.00 million and is expected to mature on November 2015.

The Group availed ₱500.00 million, ₱400.00 million and ₱600.00 million in 2011, 2010 and 2009, respectively, of the amount granted. The loan facility was fully drawn in 2011. As of 2014, the outstanding loan balance from this credit line facility amounted to ₱600.00 million payable quarterly

On June 26, 2011, the Group entered into another Local Currency Notes Facility with BDO, whereby the Group was granted a credit line facility amounting ₱1,500.00 million. The Group availed ₱200.00 million during 2011 and 2012, ₱339.00 million during 2013 and an additional ₱430.00 million in 2014. As of December 31, 2014, the unused credit facility amounted to ₱331.00 million and the outstanding loan balance from the drawdowns made amounted to ₱790.37 million, payable quarterly. The loan facility was fully paid in 2015.

Interest rate is based on the latest 91-day Treasury bill rates plus 2.50%. The term loan facility is secured by a Mortgage Trust Indenture over land and building, under investment properties, with total carrying value of ₱2,903.14 million (see Note 9).

On December 22, 2015, the Group paid a lump sum payment of ₱921.60 million to fully settle the loan. The Group reassessed its loan agreements and determined that there are existing conditions that warrant the Group to present the bank loans as current.

Long-term debt

Below are the details of the long-term debt:

	2015
Bonds	
Series A Bonds	₱2,000,000,000
Series B Bonds	2,000,000,000
Loans under term facility agreement	1,000,000,000
	5,000,000,000
Less unamortized debt issuance cost	(90,240,317)
	₱4,909,759,683

Series A and Series B Bonds due 2018 and 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 2018 at a fixed rate equivalent to 6.7284% p.a. and a ₱2,000.00 million Series B Bonds due 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, on March 22, 2021 for the Series B Bonds, unless the Company 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 covenant.

Debt services coverage ration means the ratio of: (i) EBIDTA to (ii) total debt service reduced by the amounts raised for refinancing, by reference to the immediately preceding 12 months of the period review.

Loan under term facility agreement
On December 22, 2015, the Group borrowed ₱1,000.00 million 2-year term loan agreement with CBC payable lump sum on December 22, 2017 through a single payment at a fixed rate of 5.8713% p.a. and the balance remains outstanding as of December 31, 2015.

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.

Transaction costs capitalized amounted to ₱90.86 million and ₱1.18 million in 2015 and 2014, respectively. Amortization amounted ₱3.11 million, ₱1.65 million and ₱1.98 million was expensed as part of "Interest expense" in 2015, 2014 and 2013, respectively.

The rollforward analyses of unamortized debt issuance cost follow:

	2015	2014
Balance at beginning of the year	₱2,494,403	₱2,974,110
Availments	90,860,215	1,175,000
Amortization	(3,114,301)	(1,654,707)
Balance at end of the year	₱90,240,317	₱2,494,403

The Group capitalized interest amounting to ₱48.48 million and ₱31.29 million for 2015 and 2014, respectively, as part of "Real estate inventories" in the consolidated statements of financial position (see Note 6). The average capitalization rate is 5.14% and 4.89% in 2015 and 2014, respectively.

14. Equity

As of December 31, 2015, 2014 and 2013, capital stock consists of:

	2015	2014	2013
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	2,250,000,000	–
Outstanding shares	8,946,450,000	8,546,450,000	10,796,450,000

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, 2015:

Year	Number of Shares Registered	Number of Holders of Securities
January 1, 2014	10,796,450,000	270
Add/(Deduct) movement	(2,250,000,000)	(1)
December 31, 2014	8,546,450,000	269
Add/(Deduct) movement	400,000,000	(4)
December 31, 2015	8,946,450,000	265

Treasury Stock

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, 2015 the second tranche was yet to be executed by the Parent Company once the retained earnings is sufficient to cover the second tranche transaction.

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 ₱12.70 billion and ₱11.73 billion as of December 31, 2015 and 2014, 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, 2015 and 2014:

	2015	2014
Debt	**5,609,759,683**	3,198,051,669
Less: Cash (Note 4)	**2,215,001,603**	116,071,782
Net debt	**3,394,758,080**	3,081,979,887
Equity	**12,699,706,400**	11,732,283,998
Net debt-to-equity ratio	**27%**	26%

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:

	2015	2014	2013
Interest income from:			
Trade receivables (Note 5)	**₱87,197,544**	**₱53,478,315**	₱55,712,158
Accretion from unamortized discount (Note 5)	**37,839,486**	**29,836,721**	32,942,364
Cash in banks (Note 4)	**396,225**	**128,423**	105,551
	₱125,433,255	**₱83,443,459**	₱88,760,073

16. Cost of Rental Income and Other Income

Cost of rental income consists of:

	2015	2014	2013
Utilities	**₱318,286,650**	₱97,064,566	₱–
Depreciation (Notes 9 and 10)	**156,804,917**	121,723,511	108,091,700
Management fee	**64,060,798**	15,400,551	–
Carpark maintenance	**49,900,495**	–	–
Manpower	**765,160**	366,637	–
Others	**4,845,508**	14,285,862	–
	₱594,663,528	₱248,841,127	₱108,091,700

Other income consists of:

	2015	2014	2013
Processing and registration fee	**₱61,442,804**	₱35,228,500	₱16,279,024
Gain on repossession of real estate inventories (Note 6)	**55,459,774**	33,155,466	–
Surcharges and penalties	**41,827,279**	34,977,973	27,293,304
Profit share in hotel operations	**3,100,433**	2,498,150	10,381,792
Management income (Note 18)	–	45,763,393	–
Others	**36,241,462**	4,656,054	3,282,338
	₱198,071,752	₱156,279,536	₱57,236,458

Others mainly consists of income from contractual developments, nonrefundable collection from delinquent buyers and foreign exchange gains and losses.

17. Interest Expense

Interest expense consists of:

	2015	2014	2013
Interest expense on loans (Note 13)	**₱177,505,023**	₱142,422,572	₱129,650,315
Interest expense on bonds (Note 13)	**7,280,174**	–	–
Other financing charges	**372,187**	3,875,292	1,422,482
	185,157,384	146,297,864	131,072,797
Less capitalized borrowing costs	**(48,476,667)**	(31,290,028)	(26,517,849)
	₱136,680,717	₱115,007,836	₱104,554,948

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. 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 amount to ₱33.96 million and ₱33.32 million as of December 31, 2015 and December 31, 2014, respectively.

c. The Ultimate Parent Company 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 the Parent Company entered into a memorandum of agreement whereby the Parent Company assumed the liability and the payment of SLRDI's financial obligation (see Note 13). As a result, the Parent Company recorded receivable from the Ultimate Parent Company for the principal and interest due.

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, SLRDI sold to a third party a piece of real property located in Cansaga, Consolacion, Cebu for a consideration of ₱102.51 million. SLRDI, through a memorandum of agreement, contracted the services of the Parent Company for the management of the property, research on the market price and negotiation of the sale. The Parent Company recognized management fee of ₱45.76 million in 2014 in relation to the services provided.

g. In 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 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. The Parent Company 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. The Parent Company 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. The Parent Company 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 venture agreements amounted to ₱373.95 million and ₱795.90 million, out of which 75% was the share of the Parent Company amounting to ₱210.51 million and ₱795.90 million, as of December 31, 2015 and December 31, 2014, respectively.

In the above arrangement, the share of SLRDI amounting to ₱53.42 million and ₱20.12 million are still to be remitted or offset against advances to SLRDI as of December 31, 2015 and December 31, 2014, respectively.

h. Starting January 2011, the Parent Company entered into a lease agreement with SLECC, an affiliate with common key management personnel of the Parent Company. The lease agreements convey to SLECC the lease of mall owned by the Parent Company. The agreement is automatically renewed every year. Since the inception of the lease, the Parent Company charged SLECC 90% of its net income, gross of real property tax. 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 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. The other shareholders advanced working capital to its subsidiary, SVI, to be used on administrative expenses related to selling properties.

k. The ultimate parent company advanced to SVI for the latter's working capital requirements.

The related amounts and outstanding balances from related party transactions in 2015 and 2014 follow:

	2015			
	Amount	Due from (to)	Terms	Conditions
Ultimate Parent Company (SLRDI)				
Non-trade receivables (Note 5)				
Advances (a)	₱189,339,246	₱341,989,642	Due and demandable; noninterest-bearing	Unsecured; no impairment
Sales (b)	67,437,139	33,963,385	Due and demandable; noninterest-bearing	Unsecured; no impairment
Assumption of loan (c)	–	219,384,459	Due and demandable; non-interest bearing	Unsecured; no impairment
Trade receivables (Note 5)				
Sharing of expenses (d)	2,000,000	30,244,061	Due and demandable; non-interest bearing	Unsecured; no impairment
Collection from buyers collected by SLRDI (e)	161,938,045	167,240,285	Due and demandable; noninterest-bearing	Unsecured; no impairment
Unremitted share of SLRDI (g)	70,170,715	(53,042,178)	Due and demandable; noninterest-bearing	Unsecured; no impairment
Marketing fee (g)	45,187,879	–	–	–
Accounts and other payables (Note 11)				
Advances (k)	7,800,000	(14,580,549)	Due and demandable; noninterest-bearing	Unsecured
Affiliate				
Trade receivables (Note 5)				
Rental income (h)	249,990,180	416,718,467	Due and demandable; non-interest bearing	Unsecured; no impairment
Management fee (h)	64,060,798	–	–	–
Tenants (i)	201,784,540	219,630,650	Due and demandable; non-interest bearing	Unsecured; no impairment
Shareholders (Note 11)				
Advances (j)	–	(16,206,102)	Due and demandable; non-interest bearing	Unsecured
		₱1,345,342,120		

	2014			
	Amount	Due from (to)	Terms	Conditions
Ultimate Parent Company (SLRDI)				
Non-trade receivables (Note 5)				
Advances (a)	₱1,624,167,714	₱465,674,313	Due and demandable; noninterest-bearing	Unsecured; no impairment
Sales (b)	71,499,656	33,323,892	Due and demandable; noninterest-bearing	Unsecured; no impairment
Assumption of loan (c)	285,884,011	285,884,011	Due and demandable; non-interest bearing	Unsecured; no impairment
Trade receivables (Note 5)				
Sharing of expenses (d)	43,171,632	28,244,061	Due and demandable; non-interest bearing	Unsecured; no impairment
Collection from buyers collected by SLRDI (e)	114,565,969	5,302,240	Due and demandable; noninterest-bearing	Unsecured; no impairment
Management fee (f)	45,763,393	–	–	–
Unremitted share of SLRDI (g)	157,050,751	(20,117,746)	Due and demandable; noninterest-bearing	Unsecured; no impairment
Marketing fee (g)	53,023,870	–	–	–
Accounts and other payables (Note 11)				
Advances (k)	6,770,549	(6,621,381)	Due and demandable; noninterest-bearing	Unsecured
Affiliate				
Trade receivables (Note 5)				
Rental income (h)	262,701,389	444,723,303	Due and demandable; non-interest bearing	Unsecured; no impairment
Management fee (h)	15,400,551	–	–	–
Tenants (i)	15,659,416	15,659,416	Due and demandable; non-interest bearing	Unsecured; no impairment
Shareholders (Note 11)				
Advances (j)	–	(16,206,102)	Due and demandable; non-interest bearing	Unsecured
		₱1,235,866,007		

As of December 31, 2015 and 2014, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment 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:

	2015	2014
Short-term employee benefits	**₱14,670,000**	₱14,670,000
Post-employment benefits (Note 19)	**510,000**	500,000
	₱15,180,000	₱15,170,000

Terms and conditions of transactions with 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. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

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" in the consolidated statements of comprehensive income follow:

	2015	2014	2013
Current service cost	**₱702,240**	₱565,275	₱382,542
Interest cost	**89,438**	57,189	29,156
	₱791,678	₱622,464	₱411,698

The remeasurement recognized in OCI for the year ended December 31, 2015, 2014 and 2013 follows:

	2015	2014	2013
Actuarial loss due to:			
Experience adjustments	**(₱35,057)**	(₱12,764)	₱63,302
Changes in financial assumptions	**(113,449)**	352,900	51,500
Changes in demographic assumptions	**(652,859)**	–	–
	(₱801,365)	₱340,136	₱114,802

Changes in the present value of the defined benefit obligation follow:

	2015	2014
At beginning of year	**₱1,987,500**	**₱1,024,900**
Current service cost	**702,240**	**565,275**
Interest cost	**89,438**	**57,189**
Actuarial loss due to:		
Experience adjustments	**(35,057)**	**(12,764)**
Changes in financial assumptions	**(113,449)**	**352,900**
Changes in demographic assumptions	**(652,859)**	–
At end of year	**₱1,977,813**	**₱1,987,500**

The movements in pension liabilities follow:

	2015	2014
At beginning of year	**₱1,987,500**	₱1,024,900
Retirement expense	**791,678**	622,464
Remeasurement recognized in OCI	**(801,365)**	340,136
At end of year	**₱1,977,813**	₱1,987,500

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:

	2015	2014	2013
Discount rate	**4.84%**	4.50%	5.58%
Salary increase rate	**2.00%**	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 if all other assumptions were held constant:

	2015		
		Impact on defined benefit obligation	
	Increase/ decrease in rate	**Increase**	**Decrease**
Salary increase rate	**±1%**	**₱372,040**	**(₱304,751)**
Discount rate	**±1%**	**(288,766)**	**356,437**

	2014		
		Impact on defined benefit obligation	
	Increase/ decrease in rate	Increase	Decrease
Salary increase rate	±1%	₱222,500	(₱179,200)
Discount rate	±1%	(177,400)	224,000

The Group does not expect to set-up a fund for its retirement benefit obligation in 2015. 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	
	2015	2014
Less than 1 year	**₱–**	₱–
More than 1 year to 5 years	**–**	–
More than 5 years to 10 years	**460,914**	507,218
More than 10 years to 15 years	**6,812,624**	8,456,547
More than 15 years to 20 years	**1,199,333**	1,614,689
More than 20 years	**21,636,648**	28,363,515

There was no plan amendment, curtailment, or settlement recognized in 2015 and 2014.

20. Interest in Joint Ventures

The Group has entered into joint venture agreements with various landowners and other companies, which include related parties. The interests in these joint ventures range from 32% to 80% depending on the value of the land or investment against the estimated development costs. These joint venture agreements 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 venture partner. The Group's joint venture arrangements typically require the joint venture partner 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 venture partners. The projects covering the joint venture agreements are expected to be completed in 2015 to 2017. Capital commitments amounted to ₱2.30 billion and ₱2.26 billion in 2015 and 2014, 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 maker 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, 2015, 2014 and 2013 and revenue and income information for each of the three years in the period ended December 31, 2015.

		2015	
		Residential	
	Leasing	**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	**–**	**32,803,900**	**32,803,900**
Deferred tax liability	**349,926,421**	**243,767,443**	**593,693,864**
Total liabilities	**₱514,404,858**	**₱8,156,674,347**	**₱8,671,079,205**
Cash flows arising from:			
Operating activities	**₱11,235,305**	**(₱404,861,786)**	**(393,626,481)**
Investing activities	**(12,050,042)**	**(235,371,000)**	**(247,421,042)**
Financing activities	**–**	**2,739,977,344**	**2,739,977,344**

		2014	
		Residential	
	Leasing	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

(Forward)

		2014	
		Residential	
	Leasing	Development	Total
Segment liabilities	86,802,000	5,551,000,215	5,637,802,215
Income tax payable	–	29,044,281	29,044,281
Deferred tax liability	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	₱28,153,778	₱45,164,295
Investing activities	(363,174,332)	(111,947,102)	(475,121,434)
Financing activities	–	515,565,253	515,565,253

		2013	
		Residential	
	Leasing	Development	Total
Rental income	₱355,102,666	₱–	₱355,102,666
Depreciation	(108,091,700)	(4,466,045)	(112,557,745)
Real estate sales	–	820,269,748	820,269,748
Cost of real estate sales	–	(420,502,156)	(420,502,156)
Segment gross profit	247,010,966	395,301,547	642,312,513
Selling and administrative expense	(14,726,678)	(223,063,387)	(237,790,065)
Interest income	–	88,760,073	88,760,073
Interest expense	–	(104,554,948)	(104,554,948)
Dividend income	–	5,544,035	5,544,035
Other income	–	57,236,458	57,236,458
Other expense	–	(16,815,650)	(16,815,650)
Provision for income tax	(56,102,666)	(78,586,632)	(134,689,298)
Net income	₱176,181,622	₱123,821,496	₱300,003,118
Segment assets	₱4,416,427,502	₱11,409,913,682	₱15,826,341,184
Deposit on land rights	–	1,358,686,369	1,358,686,369
Total segment assets	₱4,416,427,502	₱12,768,600,051	₱17,185,027,553
Segment liabilities	₱–	₱4,779,113,519	₱4,779,113,519
Income tax payable	–	21,330,363	21,330,363
Deferred tax liability	166,532,263	133,653,336	300,185,599
Total liabilities	₱166,532,263	₱4,934,097,218	₱5,100,629,481
Cash flows arising from:			
Operating activities	₱74,973,322	(₱61,315,874)	₱13,657,448
Investing activities	(172,934,276)	(13,713,815)	(186,648,091)
Financing activities	–	138,366,994	138,366,994

Capital expenditures consist of additions to investment property amounting to ₱379.72 million and ₱461.00 million in 2015 and 2014, 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 amount to ₱984.45 million, ₱504.34 million and ₱355.10 million in 2015, 2014 and 2013, respectively.

Real property taxes amounting to ₱15.13 million, ₱14.83 million and ₱14.73 million were incurred for the property in 2015, 2014 and 2013, respectively.

23. Income Tax

Provision for income tax consists of:

	2015	2014	2013
Current	**₱142,997,266**	₱95,787,512	₱56,510,381
Deferred	**154,215,788**	139,154,109	78,158,154
Final	**75,061**	27,621	20,763
	₱297,288,115	₱234,969,242	₱134,689,298

The current provision for income tax in 2015, 2014 and 2013 represent RCIT.

The Group recognized deferred tax liability amounting to ₱240,409 and deferred tax assets amounting ₱102,040 and ₱34,441 on remeasurement losses from pension liabilities recognized in OCI for the year ended December 31, 2015, 2014 and 2013, respectively.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2015	2014	2013
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effect of:			
Nondeductible expenses	**0.01**	0.00	0.79
Income subjected to final taxes	**0.00**	0.20	(0.50)
Nontaxable dividend income	**(0.22)**	(0.22)	(0.38)
Effective income tax rate	**30.54%**	29.98%	30.98%

The components of net deferred tax liabilities as of December 31, 2015 and 2014 are as follows:

	2015	2014
Deferred tax assets on:		
Allowance for doubtful accounts	**₱2,694,179**	₱1,596,555
Accrued retirement liability	**593,444**	596,250
	3,287,623	2,192,805
Deferred tax liabilities on:		
Uncollected rental income	**₱349,826,935**	₱271,243,949
Excess of realized gross profit over taxable realized gross profit on real estate sales	**78,634,413**	66,395,469
Capitalized borrowing cost	**40,247,474**	28,463,762
Unamortized discount on receivables	**22,317,147**	23,658,868
Prepaid commission	**51,685,836**	41,105,087
Reopened lots	**26,584,572**	9,946,640
Unamortized transaction cost	**27,671,260**	599,165
Others	**13,850**	17,532
	596,981,487	441,430,472
Net deferred tax liability	**(₱593,693,864)**	(₱439,237,667)

The Group did not recognize deferred tax asset on NOLCO of SLHI and SVI amounting to ₱9.93 million and ₱2.11 million in 2015 and 2014, respectively, since management believes that the tax benefit related will not reverse through income tax deductions in the near future.

24. Earnings per Share

The basic earnings per share for the years ended December 31, 2015, 2014 and 2013 were computed as follows:

	2015	2014	2013
Net income	**₱676,160,226**	₱548,747,286	₱300,003,118
Weighted average number of shares outstanding	**8,571,716,667**	7,534,837,500	10,796,450,000
Earnings per share	**₱0.079**	₱0.073	₱0.028

There were no potential dilutive shares in 2015, 2014 and 2013.

25. Financial Assets and Liabilities

Fair Value Information
The methods and assumptions used by the Group in estimating fair value of the financial instruments are as follows:

Cash, receivables accounts and other payables
Carrying amounts approximate fair values due to the relatively short-term maturities of these financial instruments.

Loans payable
Carrying amounts approximate the fair values because they carry interest rates which are the prevailing market rates for similar instruments.

Noncurrent 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 2015 and 2014 ranges from 2.67% to 5.43% and 2.17% to 4.14%, respectively. The carrying value and fair value of the receivables amounted to ₱1,434.96 million and ₱2,691.49 million, and, ₱1,214.98 million and ₱2,694.01 million as of December 31, 2015 and 2014, respectively.

AFS financial assets
Fair values are based on quoted prices published in markets.

Fair Value Hierarchy
The Group 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.

As at December 31, 2015, the Group's AFS financial assets amounting to ₱722.68 million (see Note 8) is carried at fair value based on Level 1 while the fair value for noncurrent installment contracts receivables property are based on Level 3. There have been no transfers between Level 1 and Level 2 during 2015 and 2014.

Financial Risk Management Objectives and Policies
The Group's principal financial instruments comprise of cash, receivables, AFS financial assets and accounts and other payables, short-term debt and long-term debt. The Group has other financial liabilities such as accounts and other payables which arise directly from the conduct of its operations.

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, 2015 and 2014, the Group has undrawn facilities amounting to ₱300.00 and ₱1,566.00 million, respectively. As part of the liquidity risk management, the Group currently transacts with local banks for an extension and negotiation of higher undrawn credit lines to meet the suppliers' and contractors' obligations and business expansion.

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:

	2015			
	< 1 year	>1 to < 5 years	> 5 years	Total
Financial assets				
Cash	₱ 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	1,448,964,878	–	–	1,448,964,878
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
Receivables from tenants	10,273,707	–	–	10,273,707
Others	14,281,865	–	–	14,281,865
	₱4,575,601,664	₱558,928,142	₱239,540,632	₱5,374,070,438
Financial liabilities				
Accounts and other payables:				
Contractors payable	₱671,525,999	₱–	₱–	₱671,525,999
Accounts payable	61,063,167	–	–	61,063,167
Joint venture payable	71,890,607	–	–	71,890,607
Retention payable	47,946,811	–	–	47,946,811
Accrued payable	17,208,192	–	–	17,208,192
Payable to related parties:				
Trade	3,254,988	–	–	3,254,988

(Forward)

	2015			
	< 1 year	**>1 to < 5 years**	**> 5 years**	**Total**
Nontrade	**30,926,651**	**–**	**–**	**30,926,651**
Interest payable	**12,231,235**	**–**	**–**	**12,231,235**
Commissions payable	**4,790,241**	**–**	**–**	**4,790,241**
Others	**66,293,738**	**–**	**–**	**66,293,738**
Loans payable	**700,000,000**	**2,952,480,350**	**1,957,279,333**	**5,609,759,683**
	₱1,687,131,629	**2,952,480,350**	**₱1,957,279,333**	**₱6,596,891,312**

	2014			
	< 1 year	>1 to < 5 years	> 5 years	Total
Financial assets				
Cash	₱116,071,782	₱–	₱–	₱116,071,782
Receivables:				
Trade:				
Subdivision land	564,416,928	109,669,834	277,069,486	951,156,248
Condominium units	117,429,980	36,434,138	109,957,341	263,821,459
Receivable from related parties	1,258,693,490	–	–	1,258,693,490
Advances to officers and employees	70,609,793	–	–	70,609,793
Accrued interest receivable	16,310,580	–	–	16,310,580
Commission receivable	12,669,379	–	–	12,669,379
Advances to joint venture	14,142,169	–	–	14,142,169
Receivables from tenants	5,087,420	–	–	5,087,420
Dividend receivable	5,729,340	–	–	5,729,340
Others	26,811,970	–	–	26,811,970
	₱2,207,972,831	₱146,103,972	₱387,026,827	₱2,741,103,630
Financial liabilities				
Accounts and other payables:				
Contractors payable	₱828,726,652	₱–	₱–	₱828,726,652
Commissions payable	85,388,330	–	–	85,388,330
Accounts payable	32,492,202	–	–	32,492,202
Joint venture payable	65,656,019	–	–	65,656,019
Retention payable	46,920,798	–	–	46,920,798
Interest payable	8,975,286	–	–	8,975,286
Accrued payable	27,430,303	–	–	27,430,303
Others	1,125,503	–	–	1,125,503
Loans payable	3,198,051,669	–	–	3,198,051,669
	₱4,294,766,762	₱–	₱–	₱4,294,766,762

Cash 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 on hand and in bank, trade receivable, interest receivable 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 on hand and in

bank 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, 2015 and 2014.

	2015	2014
Trade receivables:		
Subdivision land	**₱1,109,585,310**	₱951,156,248
Condominium units	**325,373,695**	263,821,459
Receivable from related parties	**1,376,128,771**	1,258,693,490
Accrued interest receivable	**21,964,023**	16,310,580
Commission receivable	**20,697,996**	12,669,379
Dividend receivable	**11,778,365**	5,729,340
Receivables from tenants	**10,273,707**	5,087,420
	₱2,875,801,867	₱2,513,467,916

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk. As of December 31, 2015 and 2014, the aging analysis of past due but not impaired receivables presented per class, is as follows:

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	₱1,044,678,111	₱8,166,217	₱6,288,956	₱5,506,076	₱5,997,681	₱30,047,673	₱56,006,603	₱8,900,596	₱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	₱3,005,155,381	₱10,706,954	₱8,455,000	₱7,644,478	₱7,819,771	₱37,630,548	₱72,256,751	₱8,900,596	₱3,086,312,728

2014

	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	₱894,404,107	₱1,904,959	₱1,920,471	₱783,103	₱1,030,064	₱45,791,695	₱51,430,292	₱5,321,849	₱951,156,248
Condominium units	243,075,254	790,610	697,289	413,650	1,622,382	17,222,274	20,746,205	–	263,821,459
Receivable from related parties	1,258,693,490	–	–	–	–	–	–	–	1,258,693,490
Advances to officers and employees	70,609,793	–	–	–	–	–	–	–	70,609,793
Accrued interest receivable	16,310,580	–	–	–	–	–	–	–	16,310,580
Advances to joint venture	14,142,169	–	–	–	–	–	–	–	14,142,169
Commission receivable	12,669,379	–	–	–	–	–	–	–	12,669,379
Receivable from tenants	5,087,420	–	–	–	–	–	–	–	5,087,420
Dividend receivable	5,729,340	–	–	–	–	–	–	–	5,729,340
Others	26,811,970	–	–	–	–	–	–	–	26,811,970
Total	₱2,547,533,502	₱2,695,569	₱2,617,760	₱1,196,753	₱2,652,446	₱63,013,969	₱72,176,497	₱5,321,849	₱2,625,031,848

The table below shows the credit quality of the Group's financial assets as of December 31, 2015 and 2014.

2015

	Neither past due nor impaired High Grade	Medium Grade	Low Grade	Total	Past due but not impaired	Impaired	Total
Cash	₱2,213,339,182	₱–	₱–	₱2,213,339,182	₱–	₱–	₱2,213,339,182
Receivables:							
Trade:							
Subdivision land	1,044,678,111	–	–	1,044,678,111	56,006,603	8,900,596	1,109,585,310
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
	₱5,941,098,221	₱–	₱–	₱5,941,098,221	₱72,256,751	₱8,900,596	₱6,022,255,568

2014

	Neither past due nor impaired High Grade	Medium Grade	Low Grade	Total	Past due but not impaired	Impaired	Total
Cash	₱ 114,805,616	₱–	₱–	₱114,805,616	₱–	₱–	₱114,805,616
Receivables:							
Trade:							
Subdivision land	894,404,107	–	–	894,404,107	51,430,292	5,321,849	951,156,248
Condominium units	243,075,254	–	–	243,075,254	20,746,205	–	263,821,459
Receivable from related parties	1,258,693,490	–	–	1,258,693,490	–	–	1,258,693,490
Advances to officers and employees	70,609,793	–	–	70,609,793	–	–	70,609,793
Accrued interest receivable	16,310,580	–	–	16,310,580	–	–	16,310,580
Commission receivable	12,669,379	–	–	12,669,379	–	–	12,669,379
Advances to joint venture	14,142,169	–	–	14,142,169	–	–	14,142,169
Receivables from tenants	5,087,420	–	–	5,087,420	–	–	5,087,420
Dividend receivable	5,729,340	–	–	5,729,340	–	–	5,729,340
Others	26,811,970	–	–	26,811,970	–	–	26,811,970
AFS financial assets	729,933,085	–	–	729,933,085	–	–	729,933,085
	₱3,392,272,203	₱–	₱–	₱3,392,272,203	₱72,176,497	₱5,321,849	₱3,469,770,549

The credit quality of the financial assets was determined as follows:

Cash - based on the nature of the counterparty.

Receivables - high grade pertains to receivables with no default in payment; 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, 2015 and 2014 due to a reasonably possible change in equity indices, with all other variables held constant, will have an increase on equity by ₱72.99 million and ₱73.06 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, 2015 and 2014, with all variables held constant, (through the impact on floating rate borrowings):

	Effect on income before income tax Increase (decrease)	
	2015	2014
Change in basis points:		
+100 basis points	**(₱7,000,000)**	(₱32,005,461)
-100 basis points	**7,000,000**	32,005,461

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:

			2015				
	Interest terms (p.a.)	**Rate Fixing Period**	**Nominal Amount**	**< 1 year**	**1 to 5 years**	**> 5 years**	**Carrying Value**
Cash	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	**2,233,427,779**				**2,233,427,779**
			₱4,448,429,382	**₱2,215,001,603**	**₱–**	**₱–**	**₱4,448,429,382**
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	**5,000,000,000**	–	**2,952,480,350**	**1,957,279,333**	**4,909,759,683**
			₱5,700,000,000	**₱700,000,000**	**₱2,952,480,350**	**₱1,957,279,333**	**₱5,609,759,683**

			2014				
	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Cash	Fixed at the date of investment	Various	₱116,071,782	₱116,071,782	₱–	₱–	₱116,071,782
Trade receivables	Fixed at the date of sale	Date of sale	1,214,977,707	681,846,908	146,103,972	387,026,827	1,214,977,707
			₱1,331,049,489	₱797,918,690	₱146,103,972	₱387,026,827	₱1,331,049,489
Floating							
Short-term debt - various peso loans							
Peso	Variable at 3% over 91 days PDST R1	Monthly	₱1,810,179,531	₱1,810,179,531	₱–	₱–	₱1,810,179,531
Peso	Variable at 2.5% over 91 days PDST R1	Quarterly	1,390,366,541	1,390,366,541	–	–	1,390,366,541
			₱3,200,546,072	₱3,200,546,072	₱–	₱–	₱3,200,546,072

26. **Notes to Statement of Cash Flows**

Below are the non-cash transactions for December 31, 2015, 2014 and 2013:

1. As of December 31, 2015, the Group has an unpaid investment property amounting to ₱12.31 million.

2. Creditable withholding taxes applied against income tax payable amount to ₱51.38 million, ₱17.77 million and ₱11.35 million in 2015, 2014 and 2013, respectively.

3. Gain on repossessed inventory amount to ₱55.46 million and ₱33.16 million in 2015 and 2014, respectively. In 2015, inventory from repossession amounting to ₱123.65 million was recognized and installment receivable and customers' deposit amounting to ₱68.45 million and ₱1.20 million, respectively, were reversed. In 2014, inventory from repossession amounting to ₱78.74 million was recognized and installment receivable amounting to ₱45.58 million was reversed.

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 ₱1.36 billion and set-up of receivables from SLRDI of the same amount
   b. offset of receipts of treasury shares valued it ₱900.00 million against the receivable set-up in (a)

5. Sale of lots of SLRDI to the Group amounting to ₱2.08 million and ₱1.61 million in 2014 and 2013, respectively. This was paid through the offset of outstanding amounts due from SLRDI.

6. As of December 31, 2013, the Group has an unpaid property and equipment amount to ₱1.73 million.

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CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Financial Statements

Report of Independent Auditors

Consolidated Statements of Financial Position as at December 31, 2015 and 2014

Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Changes in Equity for the years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013

Notes to Consolidated Financial Statements

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors' on Supplementary Schedules

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B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

D. Intangible Assets

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F. Indebtedness to Related Parties (Long term Loans from Related Companies)

G. Guarantees of Securities of Other Issuers

H. Capital Stock

I. Reconciliation of Unappropriated Retained Earnings Available For Dividend Declaration

J. Schedule of all Effective Standards and Interpretations under PFRS as of December 31, 2015

K. Conglomerate Map

SGV
Building a better working world

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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 AUDITORS' 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, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated April 11, 2016. 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. 5321703, January 4, 2016, Makati City

April 11, 2016

STA. LUCIA LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED
DECEMBER 31, 2015

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, 2015:

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	₱664,687,667
Manila Jockey Club, Inc.	29,894,841	57,995,991
	100,681,600	₱722,683,658

The basis in determining the value of equity securities is the market quotation on December 31, 2015.

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, 2015:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Antonio Robles	₱1,160,000	₱1,015,000	(₱440,000)	₱1,735,000
Aurora D. Robles	1,275,000	810,000	(280,000)	1,805,000
Celeste C. Santos	–	109,984	(450)	109,534
Cherrie-Vi Estomaguio	–	155,973	(3,150)	152,823
Exequiel D. Robles	1,220,000	148,773,309	(135,485,713)	14,507,596
Ma. Lourdes Concepcion	–	173,900	(13,250)	`160,650
Mariza Santos Tan	440,000	1,710,000	(1,863,382)	286,618
Miliscent R. Biay	–	118,000	–	118,000
Orestes R. Santos	2,130,248	–	(1,251,530)	878,718
Vicente R. Santos	1,100,000	5,304,167	(4,685,645)	1,718,522
	₱7,325,248	₱158,170,333	(₱144,023,120)	₱21,472,461

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.

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties which are eliminated in the consolidated financial statements as of December 31, 2015:

	Nature	Volume of Transactions	Receivable	Terms
Sta. Lucia Homes, Inc. (SLHI)	Advances	₱68,090	(₱4,333,776)	Non-interest bearing and to be settled within one year
Santalucia Ventures Inc. (SVI)	Advances	61,290,803	72,836,107	Non-interest bearing and to be settled within one year
			₱68,502,331	

	Balance at beginning of period	Additions	Collections	Balance at end of period
SLHI	(₱4,401,866)	₱–	₱68,090	(₱4,333,776)
SVI	16,754,572	61,290,803	(5,209,268)	72,836,107
	₱12,352,706	₱61,290,803	(₱5,141,178)	₱68,502,331

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.

Related Party Transactions

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, 2015:

	Relationship	Nature	Balance at end of period
Sta. Lucia Realty and Development, Inc. (SLRDI)	Ultimate Parent Company	a,b,c,d, e, f, g	₱725,199,106
Sta. Lucia East Commercial Corporation (SLECC)	Affiliate	h	416,718,467
			₱1,141,917,573

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.

The outstanding balances of intercompany transactions have no fixed repayment period as of December 31, 2015.

Schedule D. Intangible Assets

The Group does not have intangible assets as of December 31, 2015.

Schedule E. Long-term debt

The Group does not have long-term debt as of December 31, 2015.

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, 2015.

Schedule G. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of December 31, 2015.

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	1,426,000	1,494,018,233

STA. LUCIA LAND, INC.
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2015

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, 2015

Non-actual/unrealized income - net of tax	₱1,382,195,139
Deferred income tax liabilities	(139,154,109)
Accretion income	29,836,721
Unrealized foreign exchange loss	5,037
Unappropriated Retained Earnings as adjusted, January 1, 2014	1,272,882,788
Net income actually earned/realized during the year	
Net income during the year closed to retained earnings	676,160,226
Less: Non-actual/unrealized income, net of tax	
Movement in deferred tax	154,456,197
Unrealized foreign exchange gain - net	9,128
Unrealized actuarial loss	
Accretion income	(37,839,486)
Adjustment due to deviation from PFRS/GAAP - gain	–
Other unrealized expense or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS:	–
	2,065,668,853
Add (Less):	
Appropriation for treasury shares	(740,000,000)
Dividend declaration during the year	–
Cash dividend declaration during the year	–
Reversal of appropriation	–
Effects of prior period adjustments	–
Additional appropriation during the year	–
Total Unappropriated Retained Earnings Available For Dividend Distribution, December 31, 2015	₱1,325,668,853

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, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		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 and PAS 27: 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			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and 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		✓	
	Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version): Hedge Accounting		✓	
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Investment Entities: Applying consolidation exceptions		✓	
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 10, PFRS 12 and PAS 27: Investment Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and 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: Presentation of financial	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	statements disclosure initiative			
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 14	Regulatory Deferral Accounts		✓	
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
	Amendments to PAS 16 and PAS 41: Bearer Plants		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendments to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Investment Entities: Applying consolidation exceptions		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
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			✓
	Amendments to PAS 16 and 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 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
	Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version): Hedge Accounting		✓	
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
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 and PAS 39: 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	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
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)

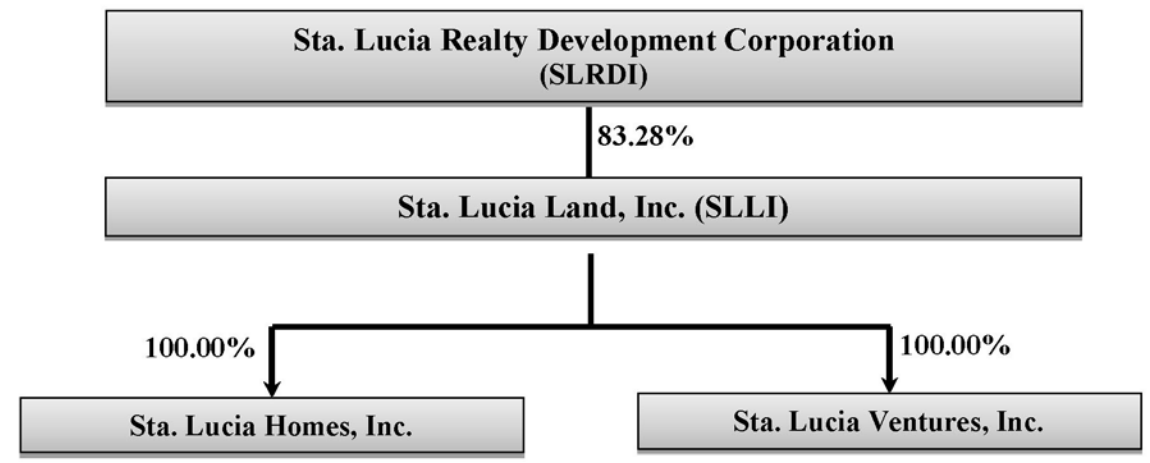
Standards tagged as "Not applicable" have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2015.

Standards tagged as "Not adopted" are standards issued but not yet effective as of December 31, 2015. 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.



CONTACT INFORMATION

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Sta. Lucia Realty & Development, Inc.
Sta. Lucia Homes Inc.
SantaLucia Ventures Inc.

Stock Transfer Agent
Professional Stock Transfer, Inc.

External Auditor
Sycip,Gorres,Velayo & Co. (SGV)

Property Adviser
C. B. Richard Ellis Philippines, Inc. (CBRE)

Bankers & Investment Partners
China Banking Corporation
BDO Unibank Inc.
Amalgamated Investment Bancorporation
RCBC
Asia United Bank
Malayan Bank

Legal Counsel
Corporate Secretary:
Cruz Marcelo Tenefrancia Law
Bond Issuer's Counsel:
Martinez Vergara Gonzalez & Serrano Law

STA. LUCIA LAND INC.

2015 STA. LUCIA
ANNUAL FAMILY REPORT

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