

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b)**  
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter

BELLE CORPORATION

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

Metro Manila, Philippines

4. SEC Identification Number

52412

5. BIR Tax Identification Code

043-000-156-011

6. Address of principal office

5th Flr., Tower A, Two Ecom Center, Palm Coast Avenue, Mall of Asia Complex, Pasay  
City

Postal Code

1300

7. Registrant's telephone number, including area code

02-6628888

8. Date, time and place of the meeting of security holders

27 April 2015 (Monday) @ 2:00 p.m. at the SMX Convention Center, Mall of Asia  
Complex, Pasay City

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Apr 1, 2015

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

n.a.

Address and Telephone No.

n.a.

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

| Title of Each Class             | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---------------------------------|---|
| Common Stock, Php1.00 par value | 10,559,382,799  |

13. Are any or all of registrant's securities listed on a Stock Exchange?

Yes            No

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

The Philippine Stock Exchange, Inc. / Common shares

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



**Belle Corporation**  
**BEL**

**PSE Disclosure Form 17-5 - Information Statement for Annual or  
Special Stockholders' Meeting**  
*References: SRC Rule 20 and  
Section 17.10 of the Revised Disclosure Rules*

|                                      |   |
|--------------------------------------|---|
| <b>Date of Stockholders' Meeting</b> | Apr 27, 2015  |
| <b>Type (Annual or Special)</b>      | Annual  |
| <b>Time</b>                          | 2:00 p.m.   |
| <b>Venue</b>                         | SMX Convention Center, Mall of Asia Complex, Pasay City, Metro Manila |
| <b>Record Date</b>                   | Mar 27, 2015  |

**Inclusive Dates of Closing of Stock Transfer Books**

|                   |     |
|-------------------|-----|
| <b>Start Date</b> | N/A |
| <b>End date</b>   | N/A |

|                                   |
|-----------------------------------|
| <b>Other Relevant Information</b> |
| n.a.                              |

**Filed on behalf by:**

|                    |                    |
|--------------------|--------------------|
| <b>Name</b>        | Elizabeth Tan      |
| <b>Designation</b> | Accounting Manager |



**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

**TO: ALL STOCKHOLDERS**

NOTICE is hereby given that there will be an annual meeting of the stockholders of Belle Corporation on **Monday, 27 April 2015** at 2 o'clock in the afternoon, at the SMX Convention Center, Mall of Asia Complex, Pasay City, Metro Manila, to consider the following:

**AGENDA**

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2014 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of SyCip Gorres Velayo & Co. as External Auditors
9. Other Matters
10. Adjournment

In accordance with the rules of the Philippine Stock Exchange, the close of business on **27 March 2015** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

Registration for those who are personally attending the meeting will start at 1:00 p.m. and end promptly at 1:45 p.m. All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to fill out, date, sign, and send a proxy to the Corporation at 5th Floor Tower A, Two E-com Center, Palm Coast Avenue, Mall of Asia Complex CBP-1A, Pasay City, Philippines. All proxies should be received by the Corporation **at least four (4) days** before the meeting, or on or before **23 April 2015**. Proxies submitted shall be validated by a Committee of Inspectors on **24 April 2015** at 10:00 o'clock in the morning at 5th Floor Tower A, Two E-com Center, Palm Coast Avenue, Mall of Asia Complex CBP-1A, Pasay City. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

To avoid inconvenience in registering your attendance at the meeting, you (or your proxy) are requested to bring identification paper(s) containing a photograph and signature, e.g. passport, driver's license, or credit card.

City of Pasig, Metro Manila, 18 March 2015.

**A. BAYANI K. TAN**  
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS

Information Statement Pursuant to Section 20  
of the Securities Regulation Code



1. Check the appropriate box  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter: BELLE CORPORATION
3. Province, country or other jurisdiction of incorporation or organization: Metro Manila, Philippines
4. SEC Identification Number: 52412
5. BIR Tax Identification Number: 043-000-156-011
6. Address of principal office: 5<sup>th</sup> Floor Tower A, Two E-com Center, Palm Coast Avenue, Mall of Asia Complex CBP-1A, Pasay City 1300
7. Registrant's telephone number, including area code: (632) 662-8888
8. Date, time, and place of the meeting of security holders:  

Date : 27 April 2015 (Monday)  
Time : 2:00 PM  
Venue : SMX Convention Center, Mall of Asia Complex,  
Pasay City, Metro Manila
9. Approximate date on which the Information Statement is to be sent or given to security holders: 01 April 2015
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

|                               |   |
|-------------------------------|---|
| Title of Each Class           | Number of Shares of Common Stock<br>Outstanding |
| Common Stock, ₱1.00 par value | 10,559,382,799<br>(as of 27 February 2015)      |
|                               | Amount of Debt Outstanding                      |
|                               | ₱4,750,016,786<br>(as of December 31, 2014)     |

11. Are any or all of Registrant's securities listed on a Stock Exchange?

Yes  No

If so disclose name of the Exchange : The Philippine Stock Exchange, Inc.  
Class of securities listed : Common Shares

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED  
NOT TO SEND US A PROXY.**

## GENERAL INFORMATION

### Date, time and place of meeting of security holders

- (a)     Date            -     27 April 2014 (Monday)  
          Time           -     2:00 P.M.  
          Place          -     SMX Convention Center, Mall of Asia Complex,  
                                  Pasay City, Metro Manila
- (b)     The approximate date on which the Information Statement will be sent or given to security holders is on **01 April 2015**.
- (c)     The complete mailing address of the principal office of Belle Corporation (the 'Company') is: **5th Floor Tower A, Two E-com Center, Palm Coast Avenue, Mall of Asia Complex CBP-1A, Pasay City 1300**

### Dissenters' Right of Appraisal

The matters to be voted upon in the Annual Stockholders' Meeting on **27 April 2015** are not among the instances enumerated in Sections 42 and 81 of the Corporation Code whereby the right of appraisal, defined to be the right of any stockholder to dissent and demand payment of the fair value of his shares, may be exercised. The instances where the right of appraisal may be exercised are as follows:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
3. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and
4. In case of merger or consolidation.

### Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a)     No person who has been a director or officer or any nominee for election as director of the Company or associate of such persons, have substantial interest, direct or indirect, in any matter to be acted upon other than the election of directors for the year 2014-2015.
- (b)     The Company is not aware of any director or security holder who intends to oppose any action to be taken by the registrant during the stockholders' meeting.

## CONTROL AND COMPENSATION INFORMATION

### Voting Securities and Principal Holders Thereof

- (a)     As of 27 February 2015, the Registrant had 10,559,382,799 common shares outstanding and each share is entitled to one vote.

- (b) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is **27 March 2015**.
- (c) With respect to the election of eleven (11) directors, each stockholder may vote such number of shares for as many as eleven (11) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by eleven (11) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by eleven (11).
- (d) Security ownership of certain record and beneficial owners and management.

(1) Security Ownership of Certain Record and Beneficial Owners

The following persons or groups are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of 27 February 2015:

| Title of Class | Name and Address of Record Owner and Relationship with issuer  | Name and Address of Beneficial Owner and Relationship with Record Owner | Citizenship  | No. of Shares Held | Percent |
|----------------|--|---|--------------|--------------------|---------|
| Common         | PCD Nominee Corporation <sup>(1)</sup><br>G/F Makati Stock Exchange<br>6767 Ayala Avenue, Makati City    | (see footnote)  | Filipino     | 2,792,107,193      | 26.44   |
| Common         | Belleshares Holdings, Inc.<br>Makati Stock Exchange Building<br>Ayala Avenue, Makati City                | SM Commercial Properties, Inc.  | Filipino     | 2,591,715,833      | 24.54   |
| Common         | Sysmart Corporation <sup>(2)</sup><br>Makati Stock Exchange Building<br>Ayala Avenue, Makati City        | Sysmart Corporation   | Filipino     | 1,629,353,802      | 15.43   |
| Common         | PCD Nominee Corporation <sup>(1)</sup><br>G/F Makati Stock Exchange<br>6767 Ayala Avenue, Makati City    | (see footnote)  | Non-Filipino | 1,103,220,830      | 10.45   |
| Common         | SM Development Corporation <sup>(2)</sup><br>Makati Stock Exchange Building<br>Ayala Avenue, Makati City | SM Development Corporation<br>(see footnote)                            | Filipino     | 735,553,560        | 6.97    |

<sup>(1)</sup> PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of

PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead, the participants have the power to decide how the PCD shares in Belle are to be voted. The only participant of PCD who owns more than 5% of the Company's outstanding capital is the Hong Kong Shanghai Banking Corporation Limited– Clients' Account with ownership of 7.35%.

(2) Mr. Henry Sy, Sr. is the single largest shareholder of Sysmart Corporation and SM Development Corporation.

The shares held by Sysmart Corporation, SM Development Corporation, Hong Kong Shanghai Banking Corporation-Client's Account, and the Social Security System shall be voted or disposed by the persons who shall be duly authorized by these record or beneficial shareholders for the purpose. The natural person/s that has/have the power to vote on the shares of the foregoing companies shall be determined upon the submission of its proxy form to the Company, which is not later than four (4) days before the date of the meeting.

Apart from the foregoing, there are no other persons holding more than 5% of the Company's outstanding capital stock.

(2) Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of 28 February 2015:

| Title of Class | Name and Citizenship                 | Amount and nature of beneficial ownership |        | Percent of Class |
|----------------|--------------------------------------|---|--------|------------------|
| Common         | Benito Tan Guat (Filipino)           | 10,020,000                                | Direct | 0.095            |
| Common         | Willy N. Ocier (Filipino)            | 10,746,372                                | Direct | 0.102            |
| Common         | Virginia A. Yap (Filipino)           | 10,000                                    | Direct | 0.000            |
| Common         | Washington Z. SyCip (American)       | 1,318,334                                 | Direct | 0.012            |
| Common         | Gregorio U. Kilayko (Filipino)       | 1   | Direct | 0.000            |
| Common         | Cesar E. A. Virata (Filipino)        | 1   | Direct | 0.000            |
| Common         | Emilio De Quiros, Jr. (Filipino)     | 1   | Direct | 0.000            |
| Common         | Jacinto C. Ng, Jr. (Filipino)        | 135,860,666                               | Direct | 1.287            |
| Common         | Jose T. Sio (Filipino)               | 1,000                                     | Direct | 0.000            |
| Common         | Elizabeth Anne C. Uychaco (Filipino) | 1,000                                     | Direct | 0.000            |
| Common         | Frederic C. DyBuncio (Filipino)*     | 100                                       | Direct | 0.000            |
| Common         | Manuel A. Gana (Filipino)            | 0   | Direct | 0.000            |
| Common         | Nancy O. Hui (Filipino)              | 1,500,000                                 | Direct | 0.014            |
| Common         | Rudy P. Aninipot (Filipino)          | 0   | Direct | 0.00             |
| Common         | Rogelio I. Robang (Filipino)         | 20,000                                    | Direct | 0.00             |
| Common         | Michelle T. Hernandez (Filipino)     | 0   | Direct | 0.00             |
| Common         | Zenia K. Sy (Filipino)               | 0   | Direct | 0.00             |
| Common         | A. Bayani K. Tan (Filipino)          | 316,675                                   | Direct | 0.003            |
| Common         | Arthur A. Sy (Filipino)              | 0   | Direct | 0.00             |



|        |   |             |       |
|--------|---|-------------|-------|
| Common | All directors and executive officers as a group | 159,794,150 | 1.513 |
|--------|---|-------------|-------|

(3) Voting Trust Holders of Five Percent (5%) or More

There is no party known to the Company as holding any voting trust or any similar arrangement for five percent (5%) or more of the Company's voting securities.

**Changes in Control**

There is no arrangement that may result in a change in control of the Company.

**Directors and Executive Officers**

The names, ages, and periods of service of all incumbent Directors and Executive Officers of the Company are as follows:

**Directors:**

|    | <b>Name</b>               | <b>Citizenship</b> | <b>Age as of<br/>12.31.2014</b> | <b>Position</b>        |
|----|---------------------------|--------------------|---------------------------------|------------------------|
| 1  | Benito Tan Guat           | Filipino           | 84                              | Chairman               |
| 2  | Willy N. Ocier            | Filipino           | 58                              | Vice Chairman          |
| 3  | Elizabeth Anne C. Uychaco | Filipino           | 59                              | Vice Chairman          |
| 4  | Frederic C. DyBuncio      | Filipino           | 55                              | Director / President   |
| 5  | Emilio De Quiros Jr.      | Filipino           | 66                              | Director               |
| 6  | Gregorio Kilayko          | Filipino           | 59                              | Director (Independent) |
| 7  | Jacinto C. Ng, Jr.        | Filipino           | 45                              | Director               |
| 8  | Jose T. Sio               | Filipino           | 75                              | Director               |
| 9  | Washington Z. Sycip       | American           | 93                              | Director (Independent) |
| 10 | Virginia A. Yap           | Filipino           | 63                              | Director               |
| 11 | Cesar E.A. Virata         | Filipino           | 84                              | Director (Independent) |

**Executive Officers:**

|    | <b>Name</b>            | <b>Citizenship</b> | <b>Age as of<br/>12.31.2014</b> | <b>Position</b>                             |
|----|------------------------|--------------------|---------------------------------|---|
| 1  | Frederic C. DyBuncio   | Filipino           | 55                              | President and CEO                           |
| 2  | Manuel A. Gana         | Filipino           | 57                              | EVP and CFO                                 |
| 3  | Armin Raquel A. Santos | Filipino           | 47                              | EVP – Integrated Resorts                    |
| 4  | Jason Ian R. Aguirre*  | Filipino           | 41                              | SVP - Chief Operating Officer               |
| 5  | Rudy Aninipot          | Filipino           | 58                              | VP Property Management                      |
| 6  | Michelle T. Hernandez  | Filipino           | 43                              | VP Sales Administration**                   |
| 7  | Nancy O. Hui           | Filipino           | 56                              | VP and EA to the Chairman                   |
| 8  | Rogelio Robang         | Filipino           | 54                              | VP Project Management<br>& External Affairs |
| 9  | Zenia K. Sy            | Filipino           | 53                              | VP Sales                                    |
| 10 | A. Bayani K. Tan       | Filipino           | 59                              | Corporate Secretary                         |
| 11 | Arthur Sy              | Filipino           | 45                              | Asst. Corporate Secretary                   |

\*Effective March 6, 2015.

\*\*Re-assigned as Vice President for Governance and Corporate Affairs as of March 1, 2015.

### **Board of Directors**

The information on the business affiliations and experiences of the following directors and officers are current and/or within the past five (5) years.

The following are the incumbent members of the Board of Directors who, are also nominated herein, as certified by the Nomination Committee composed of Messrs. Washington Z. SyCip (Chairman), Willy N. Ocier, Jose T. Sio and Ms. Virginia A. Yap, for re-election as members of the Board of Directors for 2015-2016:

#### **Benito Tan Guat**

Mr. Tan Guat is the Chairman of the Company. Currently, he is the Chairman and President of Eastern Securities Development Corporation, and the President of Guatson International Travel and Tours.

#### **Willy N. Ocier**

Mr. Ocier is one of the Vice Chairmen of the Company, and is currently the Chairman of Sinophil Corporation and APC Group, Incorporated. He is also one of the Vice Chairmen of Highlands Prime, Incorporated; Chairman of Tagaytay Midlands Golf Club, Inc.; Vice Chairman of Tagaytay Highlands International Golf Club, Inc; and Chairman and President of Pacific Online Systems Corporation. Previously, he was the President and the Chief Operating Officer of Eastern Securities Development Corporation.

#### **Elizabeth Anne C. Uychaco**

Ms. Uychaco is one of the Vice-Chairpersons of the Company. She is the Senior Vice President, Corporate Services of SM Investments Corporation. She was formerly Senior Vice President and Chief Marketing Officer of the Philippine American Life Insurance Company. She was also Board Director of the Philamlife Call Center. Prior to that, she was Vice President of Globe Telecom, Inc. and was responsible for National and International Sales and Distribution as well as Retail Marketing and Management of the Globe Business Centers. She was previously President of Fontana Properties and Executive Vice President of Fontana Resort and Leisure Club. She was Director of Kuok Properties and served as consultant of Shangrila Mall and was seconded as CEO to manage EPRC, a Kuok joint venture company. She also served as Board Director, Vice President and Managing Director of Transnational Diversified Group. Ms. Uychaco graduated from St. Scholastica's College in 1978 with Bachelor of Arts Degree. She obtained a Master's Degree in Business Economics from the University of Asia and Pacific in 1988, and a Master's Degree in Business Administration from the Ateneo Business School in 1992.

#### **Frederic C. DyBuncio**

Mr. DyBuncio is the President, CEO and Director of Belle Corporation. He is also concurrently the President, CEO and Director of Premium Leisure Corp. and a Senior Vice President of SM Investments Corporation. Prior to holding this post, he was a career banker who spent over 20 years with JPMorgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various managerial/executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong and Manila. Aside from the foregoing, he is also the Vice Chairman of the Board and Chairman of the Executive Committee of Atlas Consolidated Mining and Development Corporation and Carmen Copper Corporation, the Chairman and CEO of Philippine Geothermal Production Company, Inc., the President, CEO and Director of APC Group Inc., a Director of Pacific Online Systems Corporation, a Director of Tagaytay Highlands International Golf Club, Inc. and Director of

Indophil Resources. He obtained his undergraduate degree in Business Management from Ateneo de Manila University, and his Master's Degree in Business Management from the Asian Institute of Management.

**Emilio De Quiros, Jr.**

Mr. Emilio De Quiros, Jr. serves as a Director of the Company since September 21, 2010. He is currently the President and Chief Executive Officer of the Social Security System. He is also a Director of UnionBank of the Philippines and BPI Investment Management Inc. He served as Executive Vice President of Bank of the Philippine Islands since May 2004, and President of Ayala Life Insurance Inc., Ayala Plans Inc. and BPI Bancassurance, Inc. He was also a director of ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., and Philippine Stock Index Fund Corp., and Treasurer of Far East Bank and Trust Company. Mr. De Quiros graduated from Ateneo de Naga with a Bachelor of Arts in Economics degree (Cum Laude), and is a holder of the Master of Arts in Economics from University of the Philippines and a Ph.D in Economics from University of the Philippines.

**Gregorio U. Kilayko\***

Mr. Kilayko is an Independent Director of the Company. He is presently a Director of The Royal Bank of Scotland. He was founding head of ING Barings' stockbrokerage and investment banking business in the Philippines, and a Philippine Stock Exchange Governor in 1996 and 2000. Mr. Kilayko holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

**Jacinto C. Ng, Jr.**

Mr. Ng is a Director of the Company and currently a Director and Treasurer of both Republic Biscuit Corporation and Suncrest Foods, Incorporated. Mr. Ng is also a Director of the following companies: Asia United Insurance Corporation, Extraordinary Development Corporation, Highlands Prime, Inc., Manila Bay Development Corporation, Earth+Style Corporation and Quantuvis Resources Corporation.

**Jose T. Sio**

Mr. Sio is a Director of the Company and currently the Executive Vice President and Chief Finance Officer of SM Investments Corporation. He is also a Director of China Banking Corporation, Manila North Tollways Corporation, SM Keppel Land, Inc., as well as other companies within the SM Group of Companies. Mr. Sio is also an adviser to the Board of Directors of Banco de Oro Unibank, Inc. Mr. Sio holds a master's degree in Business Administration from New York University, is a Certified Public Accountant, and was formerly a Senior Partner at SGV (a member practice of Ernst & Young).

**Washington Z. SyCip\***

Mr. SyCip is an Independent Director of the Company. He is the founder of The SGV Group, an auditing and management consulting group with operations throughout East Asia. He is the Chairman Emeritus of the Board of Trustees and Board of Governors of the Asian Institute of Management; a Member of the Board of Overseers of Columbia University Graduate School of Business, New York; the Honorary Chairman of Euro-Asia Centre, INSEAD, Fontainebleau, France since 1989; a Member of the International Advisory Board, Council on Foreign Relations, New York; and an Honorary Life Trustee of the Asia Society, New York. Additionally, he is a Member of the International Advisory Board of the American International Group in New York. Mr. SyCip is a Director of a number of major corporations in the Philippines and other parts of the world.

**Cesar E. A. Virata\***

Mr. Virata is an Independent Director of the Company. He is the President and Principal Consultant of C. Virata & Associates, Inc., Management Consultants. He is currently the Vice Chairman of Rizal Commercial Banking Corporation (RCBC); and Director of RCBC subsidiaries and some affiliates. He is

also an Independent Director of Benpres Holdings Corporation, City & Land Development Corporation and Business World. Mr. Virata was formerly the Minister of Finance and Prime Minister of the Philippines.

#### **Virginia A. Yap**

Ms. Virginia A. Yap is a Director of the Company. She is also a member of the Company's Executive and Nomination Committees. Ms. Yap holds key positions in the SM Group of Companies including being Treasurer of SM Development Corporation, and Vice President – Office of the Chairman of the Board of Directors of SM Investments Corporation, SM Land, Inc. (formerly Shoemart, Inc.) and SM Retail Inc. She holds a Bachelor of Science in Commerce (Major in Accounting) degree from the University of Mindanao. She has been connected with the SM Group of Companies for the last twenty-six years.

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors, which have been adopted and made part of the Corporation's By-Laws.

The Nomination Committee, composed of Messrs. Washington Z. SyCip (Chairman), Willy N. Ocier, Jose T. Sio, and Ms. Virginia A. Yap, determine that the nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

\* Independent Director – the Company has complied with the Guidelines set forth by SRC (Securities Regulation Code) Rule 38 regarding the Nomination and Election of Independent Director. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule.

#### **EXECUTIVE OFFICERS**

##### **Frederic C. DyBuncio**

Mr. DyBuncio is the President, CEO and Director of Belle Corporation. He is also concurrently the President, CEO and Director of Premium Leisure Corp. and a Senior Vice President of SM Investments Corporation. Prior to holding this post, he was a career banker who spent over 20 years with JPMorgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various managerial/executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong and Manila. Aside from the foregoing, he is also the Vice Chairman of the Board and Chairman of the Executive Committee of Atlas Consolidated Mining and Development Corporation and Carmen Copper Corporation, the Chairman and CEO of Philippine Geothermal Production Company, Inc., the President, CEO and Director of APC Group Inc., a Director of Pacific Online Systems Corporation, a Director of Tagaytay Highlands International Golf Club, Inc. and Director of Indophil Resources. He obtained his undergraduate degree in Business Management from Ateneo de Manila University, and his Master's Degree in Business Management from the Asian Institute of Management.

##### **Armin B. Raquel-Santos**

Mr. Raquel-Santos is the Executive Vice President - Integrated Resorts of Belle Corporation and Executive Vice President and Chief Operating Officer of PremiumLeisure and Amusement, Inc., a 78.7%-owned subsidiary of Belle Corporation. Prior to joining PLAI in 2011, Mr. Raquel-Santos was the Chief Financial Officer of the following companies: Aboitizland, Inc., Cebu Industrial Park, Inc., and

Mactan Economic Zone II (a real estate arm of the Aboitiz Group) and First Philippine Electric Company (a private intermediate holding company for all manufacturing investments of First Philippine Holdings of the Lopez Group of companies). He had a Masters of Arts in Liberal Studies from Dartmouth College, in New Hampshire, and a Bachelor of Business Administration (BBA) degree Major in Finance from Iona College in New York.

#### **Manuel A. Gana**

Mr. Gana is the Executive Vice President and Chief Financial Officer of the Company. He joined Belle in 1997 as Vice President for Corporate Development and Special Projects, during which time he was also assigned as the Vice President-Finance and Chief Financial Officer for MagiNet Corporation, which was then a subsidiary of Sinophil Corporation (now called Premium Leisure Corp.; a subsidiary of Belle). He is a Director of Tagaytay Highlands International Golf Club, Inc. and Woodland Development Corporation. Previously, he was Director of Investment Banking at Nesbitt Burns Securities Inc. in New York. He also previously worked for Bank of Montreal and Merrill Lynch Capital Markets (both in New York), and for Procter & Gamble Philippine Manufacturing Corporation. Mr. Gana holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, and degrees in Accounting and Economics from De La Salle University. He is a Certified Public Accountant.

#### **Jason Ian R. Aguirre**

Mr. Aguirre was appointed as the Chief Operating Officer of the Company effective March 6, 2015. Mr. Aguirre is concurrently a Vice President of SM Investments Corporation ("SMIC"). He has worked in various management positions over a 16-year career that included local and international experience in strategic planning, operations and business development. His last stint prior to joining SMIC was as a Director for CEMEX Asia Pte. Ltd.. Mr. Aguirre holds a Bachelor of Science degree in Industrial Engineering from the University of the Philippines and a Master's degree in Business Management from the Asian Institute of Management.

#### **Rudy P. Aninipot**

Mr. Aninipot is the Vice President for Property Management and responsible for the efficient and effective operation and maintenance of buildings, infrastructures and facilities in City of Dreams Manila. He joined Belle in 1995 as Assistant Vice President for Engineering. Prior to joining Belle, Mr. Aninipot held key positions in Shangri-La's EDSA Plaza Hotel, Mandarin Oriental and San Miguel Corporation. He also had previous work experience in the Middle East (Saudi Arabia and Yemen). A professional electrical engineer, Mr. Aninipot holds a degree in Electrical Engineering from the Mapua Institute of Technology.

#### **Michelle T. Hernandez**

Michelle Angeli T. Hernandez is the Vice President for Sales Administration as February 28, 2015, and was re-assigned as the Vice President for Governance and Corporate Affairs as of March 1, 2015. She is responsible in promoting the Company's projects, and ensuring that the Company's property/membership share buyers are provided excellent after-sales service. She has a bachelor's degree in Tourism (cum laude) from the University of Sto. Tomas. Before joining the Company, she worked in Thomas Cook Philippines, Inc., a member of Metrobank's Group of Companies.

#### **Nancy O. Hui**

Ms. Hui is the Executive Assistant to the Chairman and concurrently in-charge of the Logistics and Purchasing Division of the Company. Before joining the Company, Ms. Hui was the Managing Director of Guatson International Travel and Tours. An advocate for environmental concerns, Ms. Hui has a bachelor's degree in Biology and a degree in veterinary medicine from the University of the Philippines.

### **Rogelio I. Robang**

Mr. Robang is the Vice President for Project Management and External Affairs and currently the President of both APC Mining Corporation and Aragorn Coal Resources Incorporated. A BS Geodetic Engineering graduate, with studies in Civil Engineering, from the University of the Philippines, he joined the Company as the Assistant Project Director for the Tagaytay Highlands Golf Club project and also supervised the construction of the Tagaytay Midlands project. He also served as Technical Assistant to the President, and, subsequently, to the Vice Chairman. Prior to joining Belle, Mr. Robang was the Manager for Mining Tenements at Surigao Consolidated Mining Company. Mr. Robang, a board toponotcher, also holds a Master in Business Administration degree from De La Salle University.

### **Zenia K. Sy**

Ms. Zenia has 23 years of extensive experience in real estate specifically in Sales and Marketing in an executive position. She spent the last five years with Federal Land, Inc. in International Sales in addition to her regular functions overseeing the sales operations in Italy, Spain, France, UK, US, Guam, Canada, Japan, Singapore and the Middle East. She once held the position of President and a member of the board of the various Condominium Corporation of the company she worked for. A Certified Public Accountant from the University of Santo Tomas and a Licensed Broker, she is responsible for the reorganization of the Sales Division and sales performance of the Company.

### **A. Bayani K. Tan**

Mr. Tan has been the Corporate Secretary of the Corporation since May 1994. He is also currently a Director, Corporate Secretary or both of the following reporting and/or listed companies: Asia United Bank Corporation (February 2014 as Corporate Secretary and June 2014 as Director)<sup>1</sup>, Coal Asia Holdings, Inc. (July 2012-present), Destiny Financial Plans, Inc. (2003-present), Discovery World Corporation (March 2013 as Director, July 2003-present as Corporate Secretary), First Abacus Financial Holdings Corp.(May 1994-present), I-Remit, Inc. (May 2007-present), Pacific Online Systems Corporation (May 2007-present), Philequity Balanced Fund, Inc. (March 2010-present), Philequity Dividend Yield Fund, Inc. (January 2013-present), Philequity Dollar Income Fund, Inc. (March 1999-present), Philequity Foreign Currency Fixed Income Fund, Inc. (March 2010-present), Philequity Fund, Inc. (June 1997-present), Philequity Peso Bond Fund, Inc. (June 2000-present), Philequity PSE Index Fund, Inc. (February 1999- present), Philequity Resources Fund, Inc. (March 2010-present), Philequity Strategic Growth Fund, Inc. (April 2008-present), Premium Leisure Corp. (December 1993-present), Tagaytay Highlands International Golf Club, Inc. (November 1993-present), Tagaytay Midlands Golf Club, Inc. (June 1997- present), The Country Club at Tagaytay Highlands, Inc. (August 1995-present), The Spa and Lodge at Tagaytay Highlands, Inc. (December 1999-present), TKC Steel Corporation (February 2007-present), Vantage Equities, Inc. (January 1993-present) and Yehey! Corporation (June 2004-present). Mr. Tan is also the Corporate Secretary of Sterling Bank of Asia Inc. since December 2006. Mr. Tan is the Managing Partner of the law offices of Tan Venturanza Valdez (1988 to present), Managing Director/President of Shamrock Development Corporation (May 1988-present), Director of Destiny LendFund, Inc. (December 2005-present) and Pascual Laboratories, Inc. (March 2014), President of Catarman Chamber Elementary School Foundation, Inc. (August 2012-present), Managing Trustee of SCTan Foundation, Inc. (1986-present), Trustee and Treasurer of Rebisco Foundation, Inc. (April 2013-present) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (February 2011-present). He is currently the legal counsel of Xavier School, Inc.

Mr. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Mr. Tan passed the bar examinations in 1981 where he placed sixth. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

---

<sup>1</sup> As approved by Bangko Sentral ng Pilipinas on December 29, 2014

## **Arthur A. Sy**

Arthur A. Sy is the Assistant Corporate Secretary of the Company. He is also the Vice President, Corporate Legal Affairs of SM Investments Corporation. He is the Corporate Secretary of various corporations within the SM Group of Companies. He is also the Corporate Secretary of the National University. He holds a Juris Doctor degree from Ateneo de Manila University and is a member of the New York Bar. He has been with the SM Group for the last 12 years.

## **Significant Employees**

There are no other significant employees.

## **Family Relationships**

Mr. Benito Tan Guat, Chairman, is the father of Mr. Willy N. Ocier, Vice Chairman, and Ms. Nancy O. Hui, Executive Assistant to the Chairman.

## **Involvement in Certain Legal Proceedings**

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-89713) against ULC, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, an incumbent Director and the Corporate Secretary of the Corporation. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed motion for reconsideration for which reason, among others, the OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition.

Except as provided above, the Company is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- a) any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- b) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and,
- c) any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

## **Certain Relationships and Related Transactions**

No director or executive officer or any member of their immediate family has, during the last two years, had a direct or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

### **Disagreement with Director**

No director has resigned nor declined to stand for re-election to the Board of Directors because of a disagreement with the Company on any matter relating to the latter's operations, policies, or practices since the date of the last Annual Stockholders' Meeting.

### **Compensation of Directors and Executive Officers**

All independent directors get a per diem of Fifty Thousand Pesos (P50,000.00) each, while the other directors get a per diem of Ten Thousand Pesos (P10,000.00) each per meeting.

As of 27 February 2015, there were no outstanding warrants or options held by any of the Company's directors and officers.

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and executive officers of the Company are as follows:

#### **Summary Compensation Table (Annual Compensation)**

| <b>Name</b>  | <b>Position</b>                   | <b>Year</b>    | <b>Salary</b> | <b>Bonus</b> | <b>Other Annual Compensation</b> |
|--|-----------------------------------|----------------|---------------|--------------|----------------------------------|
| Frederic C. DyBuncio                                       | CEO and President                 |                |               |              |                                  |
| Armin B. Raquel-Santos                                     | EVP - Integrated Resorts          |                |               |              |                                  |
| Manuel A. Gana   | EVP and CFO                       |                |               |              |                                  |
| Rudy A. Aninipot   | VP Property Management            |                |               |              |                                  |
| Rogelio I. Robang  | VP - Proj. Mgt & External Affairs |                |               |              |                                  |
| President and 4 Most Highly Compensated Executive Officers |                                   | 2015(Estimate) | 28,275,772    | 2,179,360    | -                                |
|  |                                   | 2014           | 26,676,200    | 2,056,000    | -                                |
|  |                                   | 2013           | 20,588,400    | 1,764,720    | -                                |
| All other officers and                                     |                                   | 2015(Estimate) | 22,094,640    | 1,841,220    | -                                |
| Directors as a group                                       |                                   | 2014           | 20,844,000    | 1,737,000    | -                                |
| unnamed  |                                   | 2013           | 10,663,993    | 1,332,999    | -                                |

### **Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

There was no compensatory plan or arrangement with respect to named executive officers that resulted or will result from the resignation, retirement or termination of such executive officer or from a change-in-control in the Company.

### **Warrants and Options Outstanding**

#### *Warrants*

There were no outstanding warrants as of 27 February 2015.

#### *Options*

There are no option grants outstanding as of 27 February 2015.

Pursuant to Section 5.2 of the Amended Stock Option Plan, the number of shares granted under the Plan shall be correspondingly adjusted in the event of any merger, consolidation, reorganization,



recapitalization, reclassification of stock, stock dividends, splits, rights, or any other change in the corporate structure or capitalization of the Company's common stock as presently constituted.

#### **Independent Public Accountants**

SyCip Gorres Velayo & Co. ("SGV"), the Company's external auditors for 2015-2016, will be recommended for re-appointment as such for the current year. Representatives of SGV are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

Over the past five (5) years, there was no event where SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope or procedure.

In Compliance with the SEC Memorandum Circular No. 8 Series of 2003, Mr. Juanito A. Fullecido was assigned in 2007 as SGV's engagement partner for the Company to replace Mr. Sebastian. Mr. Fullecido's assignment ended after the 2009-2010 audit engagement. SGV appointed Mr. Roel E. Lucas as the engagement partner for the Company starting 2010-2011. For the 2012 and 2013 audit engagement SGV appointed Ms. Clairma T. Mangangay as the engagement partner. In 2014, SGV appointed Marydith C. Miguel as the engagement partner for the 2014 audit.

The Company paid SGV One Million Pesos (P1,000,000.00) for external audit services for 2014, and One Million Pesos (P1,000,000.00) for 2013.

For each of the last two (2) fiscal years, SGV did not render services for tax accounting, planning, compliance, advice, or any other professional services for which it billed the Company the corresponding professional fees.

The Audit Committee, composed of Mr. Gregorio U. Kilayco as Chairman, and Messrs. Jacinto C. Ng, Jr., Cesar E. A. Virata and Ms. Virginia A. Yap as Members, recommends to the Board of Directors the appointment of the external auditors. The Board of Directors and the stockholders approve the Audit Committee's recommendation. The Executive Committee approves the audit fees as recommended by the Management Committee.

#### **Compensation Plans**

The Company will not be taking any action as regards its existing Stock Option Plan.

#### **Acquisition or Disposition of Property**

On July 22, 2014, A Deed of Sale of Shares was executed covering the sale by Belle to Premium Leisure Corp. ("PLC") of all its equity interest in PremiumLeisure and Amusement, Inc. ("PLAI"), consisting of Fifty Thousand (50,000) Common Shares, at a price of Ten Billion Eight Hundred Forty-Seven Million Eight Hundred Twenty Thousand Pesos (P10,847,820,000.00).

On the same day, the Corporation sold its shares in Pacific Online Systems Corporation ("Pacific Online") to PLC. Belle Corporation sold the equivalent of approximately Thirty-Four and a Half Percent (34.5%) of the outstanding capital stock of Pacific Online, or a total of 101,668,953 Common Shares, at a previously agreed price of Fifteen Pesos (P15.00) per share, or an aggregate of One Billion Five Hundred Twenty-Five Million Thirty-Four Thousand Two Hundred Ninety-Five Pesos (P1,525,034,295.00) which will be paid for in cash. The transfer of the Pacific Online shares from Belle to PLC was executed through the facilities of the Exchange through a special block sale.

## OTHER MATTERS

### **Action with Respect to Reports**

The Company will seek the approval by the stockholders of the Minutes of the previous Stockholders' Meeting during which the following were taken up: (1) Call to Order; (2) Proof of Notice of Meeting; (3) Certification of Quorum; (4) Approval of the Minutes of the Previous Meeting of Stockholders; (5) Approval of 2013 Operations and Results; (6) Ratification of all Acts of the Board of Directors and Officers; (7) Election of Directors; (8) Appointment of SyCip Gorres Velayo & Co. as External Auditors; (9) Other Matters; and (10) Adjournment.

The Company will also seek approval by the stockholders of the 2014 Operations and Reports, contained and discussed in the Annual Report attached and made part of this Information Statement. Approval of the reports will constitute approval and ratification of the acts of management and of the Board of Directors for the past year.

Two inspectors, who are officers or employees of the Company, shall be appointed by the Board of Directors to count the votes to be cast before or at each meeting of the stockholders, if no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend then the appointment shall be made by the presiding officer of the meeting.

### **Matters Not Required to be Submitted**

No action is to be taken with respect to any matter, which is not required to be submitted to a vote of security holders.

### **Amendment of Charter, By-Laws, or Other Documents**

There are no matters to be voted upon by the stockholders of the Company pertaining to any amendment of Company By-laws and other documents.

### **Other Proposed Actions**

The following are to be proposed for approval during the Annual Stockholders' Meeting:

1. Minutes of the Previous Meeting of Stockholders;
2. 2014 Operations and Results;
3. Ratification of all Acts of the Board of Directors and Officers;
4. Election of Directors for 2015-2016;
5. Appointment of SyCip Gorres Velayo & Co. as External Auditors;
6. Other Matters.

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business, with those of significance having been covered by appropriate disclosures such as:

1. Membership in the relevant committees such as the Executive Committee;
2. Designation of authorized signatories;
3. Financing activities;
4. Opening of accounts;
5. Appointments in compliance with corporate governance policies; and
6. Funding support for projects.

Management reports which summarize the acts of management for the year 2012 are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereby.

#### **Voting Procedures**

- (a) Actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock.
- (b) Two inspectors, who are officers or employees of the Company, shall be appointed by the Board of Directors before or at each meeting of the stockholders, at which an election of directors shall take place. If no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend, then the appointment shall be made by the presiding officer of the meeting. For purposes of the Annual Stockholders' Meeting on **27 April 2015**, the Corporate Secretary and/or his representative together with the Audit Partner of the External Auditor and/or his representative, have been designated as inspectors who have been tasked to oversee the counting of votes.
- (c) Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the Company; provided, however, that in the election of Directors, each stockholder shall be entitled to cumulate his votes in the manner provided for by law.
- (d) The By-Laws of the Company is silent as to the method by which votes are to be counted. In practice, however, the same is done by the raising of hands or *viva voce*.
- (e) With respect to the election of eleven (11) directors, each stockholder may vote such number of shares for as many as eleven (11) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by eleven (11) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by eleven (11).
- (f) Upon confirmation by the inspectors that there is a mathematical impossibility for certain nominees to be elected into office based on proxies held and votes present/represented in the meeting, the actual casting and counting of votes for the election of Directors may be dispensed with.

#### **Omitted Items**

Items 2, 4, 11, 12, 14, 15 and 16 are not responded to in this report, the Company having no intention to take any action with respect to the information required therein.

**SIGNATURE**

After reasonable inquiry and to the best of our knowledge and belief, we hereby certify that the information set forth in this report are true, complete and correct.

This report is signed in the City of Pasay, Metro Manila on 25 March 2015.



**WILLY N. OGIER**  
Vice Chairman

## BELLE CORPORATION

### BUSINESS AND GENERAL INFORMATION

#### Background

Belle Corporation ("Belle" or the "Company") was incorporated in 1973 as Belle Mining and Oil Exploration, Incorporated ("Belle Resources") and, in 1976, was listed on the Philippine Stock Exchange. In 1989, Belle Resources developed a golf club named Tagaytay Highlands International Golf Club, Incorporated ("Tagaytay Highlands"), which became its initial foray into the property development sector. In 1994, Belle Resources changed its name to Belle Corporation to underscore the shift in its principal activity.

In early 2001, Belle decided to spin-off some of its property development assets. The spin-off involved the transfer of approximately 534 hectares of undeveloped land, 70 developed subdivision lots and 25 finished residential units into a newly formed subsidiary, Highlands Prime, Incorporated ("Highlands Prime"). Highlands Prime was registered with the Securities and Exchange Commission on February 15, 2001, and its shares became listed on the Philippine Stock Exchange on April 23, 2002, at which time Belle sold approximately 64% of its interest in Highlands Prime to investors. In August 2013, Belle exchanged its 809 million shares in Highlands Prime for approximately 109 million shares in SM Prime Holdings, Inc. ("SMPH"), pursuant to the tender offer with SM Land, Inc. for the shares of Highlands Prime and SM Development Corp.

On April 14, 2011, Belle acquired all the shares of PremiumLeisure & Amusement, Inc. ("PLAI") through the issuance of 2.7 billion new common shares. PLAI is a grantee by Philippine Amusement and Gaming Corporation ("PAGCOR") of a Certificate of Affiliation and Provisional License (the "License") to operate integrated resorts, including casinos, in the vicinity of the Bagong Nayong Pilipino Manila Bay Entertainment City ("Entertainment City" or "PAGCOR City"). PLAI's License runs concurrent with the PAGCOR's Congressional Franchise, which expires in 2033 unless renewed for another 25 years by the Philippine Congress. Belle started construction of the foundation and structure of the integrated resorts in 2010 on 6.2 hectares of land along the entrance of the Entertainment City. In October 2012, Belle and PLAI entered into a Cooperation Agreement with MELCO Crown Entertainment Limited and its Philippine affiliates (collectively, "MCE"). The Cooperation Agreement placed Belle as a co-licensee and the owner of the land and buildings and MCE as a co-licensee, developer and operator of all facilities within the integrated resort, which was subsequently branded as "City of Dreams Manila". City of Dreams Manila had its soft opening on December 14, 2014 and its Grand Launch on February 2, 2015. Belle, PLAI and MCE have fully complied with the all PAGCOR requirements under the License, as of the date of the soft opening.

#### Development of the Business of the Registrant and its Subsidiaries/Affiliates during the Past 3 Years

*Belle*, the registrant, shifted its principal activity from mining and oil exploration to property development when it developed Tagaytay Highlands in 1989. Its property development projects are located in Tagaytay City and Batangas, and include the following: Alta Mira, Fairfield, Lakeside Fairways, Lakeview Heights, Nobhill, Pinecrest Village, Plantation Hills, Tagaytay Highlands Golf Club, Tagaytay Midlands Golf Club, The Belleview, The Country Club at Tagaytay Highlands, The Parks at Saratoga Hills, The Spa and Lodge at Tagaytay Highlands, The Verandas at Saratoga Hills, The Villas, and The Woodlands.

Lakeside Fairways was comprises Belle's newest development area in Batangas, and was introduced by Belle in April 2007. This project consists of subdivision lots located south of the existing 18-hole Tagaytay Midlands golf course in Talisay, Batangas. The construction of 9 more holes for the Tagaytay Midlands golf course also commenced after ground breaking for Lakeside Fairways, during the first half of 2008. As of December 31, 2014, the first four phases of Lakeside Fairways (Kew Gardens, Terrazas

de Alava, Lakeside Enclave and Tivoli Place) average a completion rate of 99%. The fifth and sixth phases (Cotswold and Katsura, respectively) were 99% complete as of December 31, 2014. In April 2010, Belle launched the addition to its Katsura line of Japanese-themed subdivision properties, namely Yume, which was 99% complete as of December 31, 2014. In April 2011, Belle launched its latest phase in Lakeside Fairways, Sycamore Heights, with more than 23 hectares in gross land area and comprising 331 lots. As of December 31, 2014, Sycamore Heights was 62% complete.

Pacific Online Systems Corporation ("Pacific Online"), incorporated in 1993, leases online betting equipment to the Philippine Charity Sweepstakes Office (PCSO) for their lottery operations. Pacific Online has been consistently profitable since its fiscal year 2002. Pacific Online listed its shares on the Philippine Stock Exchange with a successful initial public offering on April 12, 2007. A total of 39.8 million shares were offered to the public at P8.88 per share. Because of high demand for Pacific Online shares, it opened in the market at P13.25 per share on the listing date. Belle effectively owned 35% of Pacific Online as of December 31, 2013. Belle subsequently increased its effective ownership in Pacific Online to 50.1% as of June 5, 2014.

Premium Leisure Corporation ("PLC") comprises the group's vehicle for gaming investments. It was originally incorporated as Sinophil Oil Exploration Co., Inc. in 1993 with the primary purpose of engaging in oil and gas exploration and development activities. On June 3, 1997, its name was changed to Sinophil Corporation with a primary purpose of being an investment holding company and, on July 18, 2014, its stockholders approved a further change in its name to Premium Leisure Corporation with its primary purpose being investments in gaming-related businesses. On July 24, 2014, Belle completed transfers to PLC of its 100% stake in PLAI and approximately 102 million shares in Pacific Online (comprising about 34% of issued common shares in Pacific Online), with the Company transferring to Belle various real estate assets and corporate securities. PLC also increased its authorized capital stock from 16.1 billion shares to 43.6 billion shares, with Belle subscribing to 24.7 billion new common shares that increased its consolidated ownership therein from 3.6 billion shares or 54.3% to 28.3 billion shares or approximately 90%. During September and October 2014, Belle, its subsidiaries and affiliates sold a total of approximately 3.5 billion shares in PLC in the secondary market, in order to increase PLC's public float. These share sales reduced Belle's consolidated ownership in PLC to 24.9 billion shares or 78.7%, which level is unchanged as of December 31, 2014.

As the owner of 100% of the outstanding shares of PLAI, PLC will directly benefit from PLAI's share in gaming operations of City of Dreams Manila. Under the operating agreement between Belle, PLAI and MCE, PLAI will be entitled to receive from MCE agreed-upon monthly payments after the opening of gaming operations in City of Dreams Manila, consisting of the following:

- The higher of (i) one-half of mass market gaming earnings before interest, taxes, depreciation and amortization (after adjusting for certain agreed deductions and for adding back expenses related to the lease agreement with Belle) or (ii) 15% of net mass market gaming revenues (after deductions for PAGCOR's non-VIP license fees), whichever is higher; and
- The higher of (i) one-half of VIP gaming earnings before interest, taxes, depreciation and amortization (after adjusting for certain agreed deductions and for adding back expenses related to the lease agreement with Belle) or (ii) 5% of net mass market gaming revenues (after deductions for PAGCOR's VIP license fees, VIP commissions and incentives, as well as VIP bad debts expenses), whichever is higher.

The Board of Directors of PLC has set a policy for PLC to declare as dividends to its shareholders in every year at least 80% of its unrestricted retained earnings as of the previous financial year that are qualified to be paid as dividends.

*Investment Agreement on PremiumLeisure & Amusement, Inc. ("PLAI"), and Lease and Cooperation Agreement with Melco Crown Entertainment Limited ("MCE")*

On April 14, 2011, Belle acquired PLAI through the issuance of 2.7 billion new common shares of Belle. PLAI is a grantee by PAGCOR of a License to operate integrated resorts, including casinos in the vicinity of PAGCOR City. PLAI's License runs concurrent with PAGCOR's Congressional Franchise,

which expires in 2033 unless renewed for another 25 years by the Philippine Congress. On October 16, 2010, the transfer and valuation of Belle and PLAI shares was approved by the Securities and Exchange Commission ("SEC"). The Certificate Authorizing Registration ("CAR") from the Bureau of Internal Revenue ("BIR"), which triggered the completion of the transfer, was approved on October 4, 2011.

The PAGCOR License stipulates certain requirements and guidelines that licensees will have to achieve by the opening date of their integrated resorts (the "PAGCOR Guidelines"). Among these are:

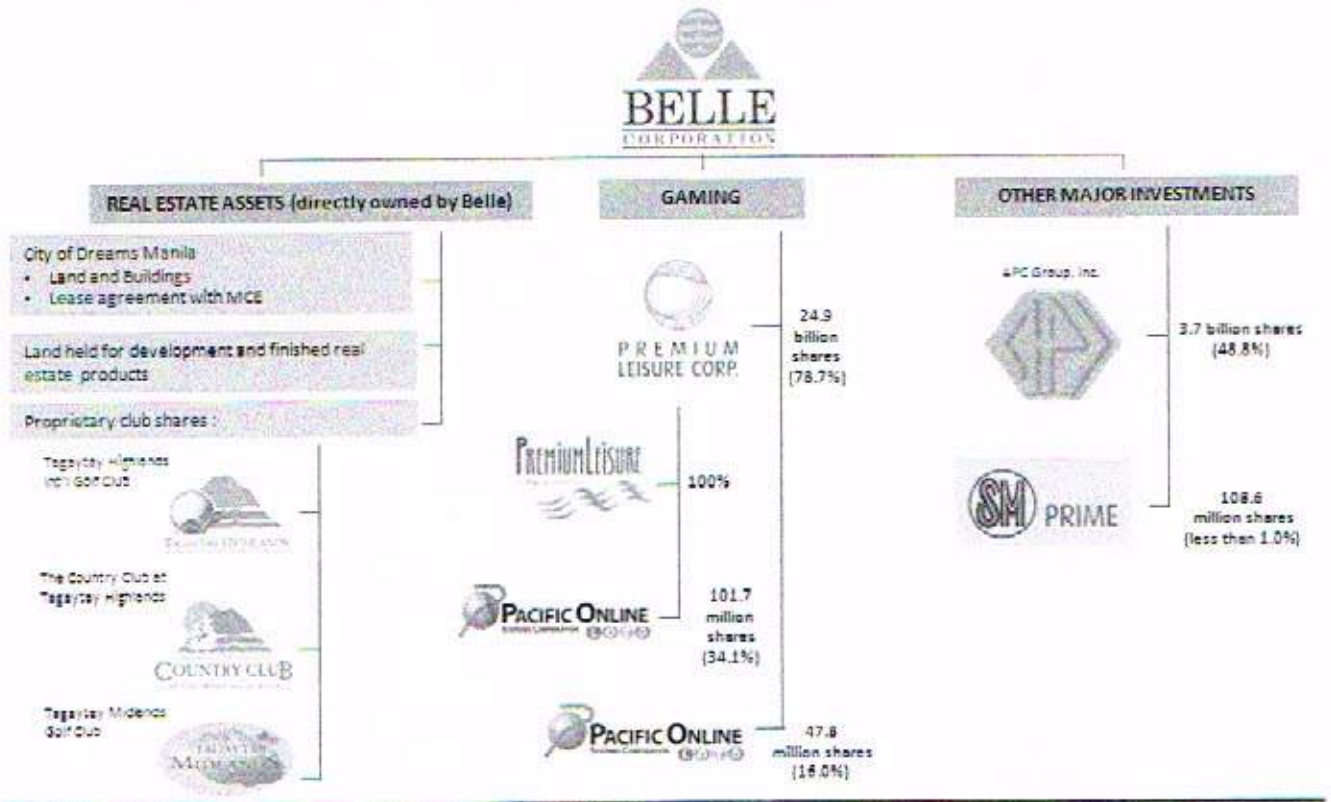
- Total investment commitment of US\$1 billion, with at least US\$650 million as of the opening date of the integrated resort (including up to US\$150 million in market value of land used for the resort) and the balance of US\$350 million within three years of such opening date;
- At least 800 hotel rooms, with an average floor area of at least 40 square meters;
- Total gross floor area of at least 250,000 square meters;
- At least 20,000 square meters of gross floor area available for retail and food/beverage outlets;
- An entertainment feature that costs at least P1 billion to construct;
- Total gaming space not to exceed 7.5% of the resort's total gross floor area;
- Maximum number of gaming tables and slot machines/electronic table games to be set using a formula based on the total number of hotel rooms in the resort and the quality of such rooms.

In October 2012, Belle and PLAI entered into a Cooperation Agreement with MCE, which places Belle as a co-licensee and the owner of the land and buildings and MCE as a co-licensee, developer and operator of all the facilities within the resort complex with March 13, 2013 as its effectivity date. As a result, both Belle and MCE were expected to make equal investment contributions to the project. MCE is the developer and owner of integrated resorts focused on the Macau Market, with its landmark project to date being the highly successful "City of Dreams". On October 25, 2012, the Belle, as a lessor, entered into a lease agreement with MCE for the lease of land and building structures to be used in the integrated casino development project. The lease period started on March 13, 2013 and is co-terminus with the operating agreement between the Company and MCE, which in turn co-terminus with the License from PAGCOR, and provides for monthly rentals (with annual escalation) to be paid by MCE to Belle in respect of the land and buildings. PLAI and MCE also entered into an operating agreement that is similarly co-terminus with the License from PAGCOR, whereby MCE was given full management discretion on the management and operation of the integrated resort and PLAI was accorded a share of earnings from gaming operations in the resort.

On October 9, 2013, MCE announced that the integrated resort will be branded as "City of Dreams Manila", the namesake of MCE's flagship integrated resort in Macau, City of Dreams. MCE subsequently announced the branding of three hotels in City of Dreams Manila as Nobu, Hyatt and Crown Towers. MCE also announced plans for "DreamPlay", City of Dreams Manila's fully immersive, technology-rich family entertainment center developed in collaboration with DreamWorks Animation, which is the first of its kind in the world.

City of Dreams Manila was substantially completed as of December 2014, with all requirements under the PAGCOR Guidelines being met by Belle and MCE, including the full US\$1 billion investment commitment. The resort's soft opening was held on December 14, 2014, on which date most of the resort's facilities, including its mass market gaming operations, were officially open to the public. The Grand Launch of City of Dreams Manila was held on February 2, 2015.

**BELLE CORPORATION**  
**CORPORATE STRUCTURE AND MAJOR LINES OF**  
**BUSINESS/SUBSIDIARIES**  
**AS OF DECEMBER 31, 2014**



**Bankruptcy, Receivership or Similar Proceedings**

None for any of the companies above.

**Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (Not Ordinary)**

None for any of the companies above.

**Products**

Belle is principally engaged in real estate development, gaming (through subsidiaries) and other leisure and resort activities. Since 2010, Belle has allocated significant resources to the development of its mixed-use gaming facility, the City of Dreams Manila integrated resort, which opened its door to the public on December 14, 2014.

Belle's investments in companies engaged in gaming and gaming-related activities are indicated below. In the Philippines, the gaming industry is relatively untapped by the private sector, creating opportunities for experienced leisure operators. Belle's gaming businesses are undertaken, or will be undertaken, mainly by the following subsidiaries/affiliates:

1. Premium Leisure Corp. ("PLC"), a 78.7%-owned publicly listed subsidiary of Belle with a primary purpose of investing gaming-related businesses. PLC owns 100% of PLAI and approximately 34% of POSC.



- PremiumLeisure & Amusement Inc. ("PLAI") is a grantee by PAGCOR of Certificate of Affiliations and Provisional License to operate integrated resorts, including casinos, in the vicinity of PAGCOR Entertainment City. The License runs concurrent with PAGCOR's Congressional Franchise, which expires in 2033, unless renewed for another 25 years by the Philippine Congress. PLAI is a wholly-owned unlisted subsidiary of Belle's PLC subsidiary.
- Pacific Online Systems Corporation ("Pacific Online"), leases on-line betting equipment to the Philippine Charity Sweepstakes Office ("PCSO") for their lottery operations in the Visayas and Mindanao regions. Belle and its subsidiaries own a total of 50.1% of POSC, which is a publicly listed company.

## Revenues

The following are the major revenue items in 2014 and 2013:

|  | 2013                |                    | 2012                |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | Amount in Thousands | % of Total Revenue | Amount in Thousands | % of Total Revenue |
| <b>Revenues</b>                              |                     |                    |                     |                    |
| Interest income on finance lease             | 1,409,173           | 25%                | 1,177,570           | 34%                |
| Gain on remeasurement of investment          | 1,096,788           | 20%                | -                   | 0%                 |
| Reversal of impairment of loss on investment | 1,219,133           | 22%                | -                   | 0%                 |
| Equipment lease rentals                      | 828,740             | 15%                | -                   | 0%                 |
| Sale of real estate and club shares          | 300,252             | 5%                 | 175,280             | 5%                 |
| Rental income                                | 188,757             | 3%                 | 157,136             | 5%                 |
| Instant scratch tickets                      | 120,981             | 2%                 | -                   | 0%                 |
| Revenue from property management             | 115,356             | 2%                 | 105,033             | 3%                 |
| Interest and investment income               | 91,359              | 2%                 | 56,112              | 2%                 |
| Gaming income share                          | 38,809              | 1%                 | -                   | 0%                 |
| Equity in net earnings of associates         | 1,286               | 0%                 | 119,940             | 3%                 |
| Day 1 Gain on Finance Lease Accounting       | -                   | 0%                 | 2,324,434           | 67%                |
| Termination fee                              | -                   | 0%                 | 949,608             | 27%                |
| Other revenues                               | 161,724             | 3%                 | 69,620              | 2%                 |
| <b>Total</b>                                 | <b>5,572,358</b>    | <b>100%</b>        | <b>3,453,602</b>    | <b>100%</b>        |

## Distribution Methods of Products

Belle's high-end real estate products are sold principally to the A and B property market segments. The Company has its own in-house staff responsible for marketing and sales of the Company's products, as well as after-sales service. The Company also accredits and taps the services of external brokers to complement its in-house marketing and sales teams.

## Status of Projects

### Real Estate:

In 2014, revenues from real estate development operations came mainly from sales of Lakeside Fairways lots, sales of club shares and sales of Saratoga Hills properties (mainly Fairfield, Nobhill and The Verandas at Saratoga Hills).

**The Belle View:**

This project was completed and fully sold in 1998.

**The Woodlands:**

Belle started the delivery of units to homeowners in 1998. The project was completed in 1999.

**Alta Mira:**

The project was completed in 2000.

**Fairfield:**

As of December 31, 2013, Fairfield was 100% complete. The project was launched in October 2009.

**Nob Hill:**

As of December 31, 2014, Nob Hill was 94% complete. The project was launched in April 2010.

**Lakeview Heights:**

The project was completed in 2002.

**Lakeside Fairways:**

As of December 31, 2014, the first four phases (Kew Gardens, Terrazas de Alava, Lakeside Enclave and Tivoli Place) of the project were approximately 99% completed, while the fifth and sixth and phases (Cotswold and Katsura) were 99% complete, respectively. In April 2010, Belle launched Yume, a new Japanese-themed subdivision in the Lakeview Heights development area, which was 99% complete as of December 31, 2014. In April 2011, Belle launched its newest subdivision within Lakeside Fairways, Sycamore Heights, with more than 23 hectares in gross land area, comprising 352 residential lots averaging 360 sqm per lot. As of December 31, 2014, Sycamore Heights was 62% complete.

**Plantation Hills:**

Only a few remaining lots in The Sanctuary, The Ridge, The Meadows, The Heights (Phases 1, 2, 3 and 5 of Plantation Hills, respectively) were unsold, and construction of these phases was fully completed, as of December 31, 2007. Plantation Hills is a farm lots subdivision.

**The Parks at Saratoga Hills:**

The Parks at Saratoga Hills ("The Parks"), located in Tanauan, Batangas, was launched in 2005. As of December 31, 2007, land development for The Parks was fully completed.

**The Verandas at Saratoga Hills:**

The Verandas at Saratoga Hills ("The Verandas"), located in Tanauan, Batangas beside The Parks, was launched in 2006. It was fully completed as of December 31, 2007.

**Tagaytay Midlands Golf Club, Inc.:**

The golf clubhouse and an 18-hole golf course were completed and fully operational in 1998. An additional 9-hole golf course is expected to be fully operational by June 2015.

**The Spa and Lodge at Tagaytay Highlands:**

The Spa and Lodge was completed in 2001. The Spa and Lodge structure is a hotel-like facility that boasts 25 five-star suites and spa facilities.

The Country Club at Tagaytay Highlands, Inc.: The project was completed in 1996.

**Gaming:**

On April 14, 2011, the Company acquired PLAI, which holds a License from PAGCOR, through the issuance of 2.7 billion new common shares valued at P1.95 per share in exchange for 100% of the outstanding capital stock of PLAI. This marked the Company's strategic entry into the integrated resort industry. In October 2012, the Company entered into a Cooperation Agreement with MCE, which placed

Belle as a co-licensee and owner of the land and buildings and MCE as co-licensee, developer and operator of the integrated resort, which was subsequently branded as "City of Dreams Manila". City of Dreams Manila is sited on 6.2 hectares of prime land at the corner of Roxas Boulevard and Aseana Avenue in Parañaque City, at the entrance of PAGCOR's Entertainment City complex. The construction of the integrated resort was substantially complete as of its Grand Launch on February 2, 2015, with approximately 300 hectares of gross floor area containing approximately 2.2 hectares of gaming areas, more than 2 hectares of retail and restaurant facilities, with more than 900 hotel rooms of 4-star, 5-star and 6-star quality and other entertainment facilities. City of Dreams Manila is only about 1 kilometer away from the Mall of Asia complex.

MCE, whose major shareholders are Melco International Development Limited and Crown Limited, is a developer and owner of integrated resort facilities focused on the Macau market. Its operating complex in Macau's Cotai Strip, known as the "City of Dreams", is a highly successful project that houses a gaming facility, a Crown Hotel, a Grand Hyatt Hotel, a Hard Rock Hotel and an upscale retail operation, along with a mix of bars and restaurants that are drawing crowds mainly from Hong Kong and China. The "City of Dreams" is also known for its spectacular show called "The House of Dancing Water", which has become one of Macau's major tourist attractions. MCE is building its second integrated resort in Macau called "Studio City".

Pacific Online, incorporated in 1993, leases online betting equipment to the PCSO for their lottery operations. It has been consistently profitable since 2002, and listed its shares on the Philippine Stock Exchange on April 12, 2007.

### **Competition**

Property development has been Belle's historical core business area. Belle believes that, at present, there is no other company in the Philippines that has successfully launched large-scale, self-contained and community-type leisure properties akin to its developments around Tagaytay Highlands and Tagaytay Midlands. In general, Belle competes somewhat with developers such as Ayala Land, Landco, Fil-Estate and Brittany Corporation, with respect to its residential and subdivision projects. Some of these developers, like Ayala Land, are bigger in size than Belle. Nevertheless, Belle is able to effectively compete with the above companies primarily on the basis of product quality, reliability to deliver the projects as promised, project location, and high-end property development expertise. Furthermore, Belle has a market base of more than 7,000 wealthy individuals who are existing members of Tagaytay Highlands, Tagaytay Highlands Country Club and Tagaytay Midlands, which provides a marketing advantage over developers of similar properties.

In gaming, City of Dreams Manila will be competing against casinos operated by PAGCOR and the other two licensees that are already operating – Resorts World Manila of Travelers International Hotel Group, Inc. ("Travelers") and Solaire Resort and Casino of Bloomberry Resorts Corporation. Travelers has also broken ground on its planned Resorts World Bayshore project in PAGCOR City, with the opening thereof reportedly estimated by Travelers in 2018. The fourth licensee, Universal Entertainment Inc., is not yet in operation and the opening date for its resort is still uncertain as of this date.

### **Suppliers**

The Company has a broad base of local and foreign suppliers.

### **Customers**

Belle's market base includes wealthy local and foreign individual and institutional clients. The Company has historically sold its real estate projects (residential units) to its golf or country club members.

### **Transactions with and/or Dependence on Related Parties**

Please refer to the portion on "Certain Relationships and Related Transactions".

## Licenses

Please refer to the portion on "Government Regulations".

## Government Approvals/Regulations

As part of its normal course of real estate operation, the Company secures government approvals such as the Environment Compliance Certificate, Development Permits, DAR Clearances, and Licenses to Sell, etc.

The Company is also subject to the regulations of PAGCOR for its Gaming License and Philippine Economic Zone Authority (PEZA) for its PEZA registered activities.

## Effect of Existing or Probable Government Regulations on the Business

Belle has complied with all the government requirements necessary for its operations.

Future government regulations are perceived to have no material impact to the normal operations of the Company.

## Amount Spent on Research and Development Activities and Compliance with Environmental Laws

Consultancy fees, engineering and architectural design, surveying, ECC, permits and licenses, etc. are being added to the cost of the project. Generally, these costs represent about 4% of gross revenues.

## Number of Employees

As of 31 December 2014, Belle has one hundred thirty-one (131) employees, all of whom are full-time employees. Belle employees are not subject to Collective Bargaining Agreements. Belle's management had generally not encountered any significant difficulties with its labor force, and no major strikes had been staged in the past.

The following are the breakdown of Belle employees according to type:

|                               |            |
|-------------------------------|------------|
| Officers                      | 11         |
| Managers                      | 29         |
| Supervisors and Rank and File | 91         |
| Total                         | <u>131</u> |

Aside from the basic salary and 13th month pay, other supplemental benefits or incentives that are being provided by Belle to its employees include: health card, life and accident insurance, retirement plan, and salary loan facilities, among others.

## Risks

Some of the risks that the Company and its related subsidiaries and affiliates may be exposed to are the following:

### Economic and Political Conditions

The Company's business is mainly the development and sale of high-end leisure properties in the Philippines which is generally influenced by the Philippine political and macroeconomic climate. Events and conditions that may negatively impact the Philippine economy as a whole may also adversely affect the Company's ability to sell its real estate projects.

## **Competition**

The degree of competition in the property industry varies considerably by sector and geography. In general, Belle may compete with other developers for purchases of land, as well as clientele for its residential and club projects. However, the Company believes that other major property companies do not generally pursue leisure property development as a core business area.

## **Changes in Local and International Interest Rates**

Belle's local and foreign-denominated borrowings may be adversely affected by drastic increases in interest rates.

## **Changes in the Value of the Peso**

Depreciation of the Peso will negatively affect Belle's cost of goods and capital expenditures that Belle may import as part of its ordinary course of business.

## **Contractors and Suppliers**

As in the case with most property development companies, there is a risk that contractual arrangements with contractors may not meet the Company's performance standards. To serve as safeguards to these eventualities, performance bonds are therefore normally required for these contractors.

## **Government Regulations**

Belle's property development business is subject to certain laws and regulations of various branches of the government, such as the local governments, the Department of Environment and Natural Resources ("DENR") and the Housing and Land Use Regulatory Board ("HLURB"). Belle has complied with the licensing and regulatory requirements necessary for its operations.

Belle's gaming businesses are also subject to certain laws and regulations. Belle's involvement in the lottery run by the PCSO is via its ownership in Pacific Online, which holds an equipment lease agreement with the PCSO for the operation of on-line lottery system in the Visayas-Mindanao regions. In 2011, Belle acquired PLAI through the exchange of 2.7 billion new common shares valued at ₱1.95 per share for 100% of the outstanding capital stock of PLAI. PLAI holds a License granted to it by PAGCOR to operate integrated resorts, including casinos, within PAGCOR Entertainment City.

## **Changes to the Philippine Laws and Regulations**

Although laws and regulations are enacted for the common benefit, changes to these laws and regulations may create negative effects to the operating and financial condition of Belle, including its subsidiaries and affiliates.

In order to mitigate the risks mentioned above, the Company will continue to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.

## **Working Capital**

Belle finances its working capital requirements through a combination of internally-generated funds, pre-selling, borrowing, and discounting of receivables.

## **DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

No principal accountant or independent accountants of the registrant has resigned, was dismissed, or has ceased to perform services during the two (2) most recent fiscal years or any subsequent interim period.

There have been no disagreements with any accountant on any matter of accounting principles or practices, financial statement disclosure or auditing scope of procedure.

**MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING PERFORMANCE  
AND FINANCIAL CONDITION**

**December 31, 2014 versus December 31, 2013 Results of Operations (in thousands)**

|  | Years Ended December 31 |                    | Horizontal Analysis | Vertical Analysis |               |               |
|--|-------------------------|--------------------|---------------------|-------------------|---------------|---------------|
|  | 2014                    | 2013               | Increase (Decrease) | 2014              | 2013          |               |
| <b>REVENUE</b>   |                         |                    |                     |                   |               |               |
| Interest income on finance lease accounting                    | P 1,409,173             | P 1,177,570        | 231,603             | 19.7%             | 44.5%         | 44.9%         |
| Equipment rental and instant scratch ticket sales              | 949,721                 | -                  | 949,721             | 100.0%            | 30.0%         | 0.0%          |
| Sales of real estate and club shares                           | 300,252                 | 175,280            | 124,972             | 71.3%             | 9.5%          | 6.7%          |
| Lease income   | 188,757                 | 157,136            | 31,621              | 20.1%             | 6.0%          | 6.0%          |
| Revenue from property management                               | 115,356                 | 105,033            | 10,323              | 9.8%              | 3.6%          | 4.0%          |
| Gaming revenue share   | 38,809                  | -                  | 38,809              | 100.0%            | 1.2%          | 0.0%          |
| Termination fee income   | -                       | 949,608            | (949,608)           | -100.0%           | 0.0%          | 36.2%         |
| Others   | 161,724                 | 59,620             | 102,104             | 171.3%            | 5.1%          | 2.3%          |
| <b>TOTAL REVENUES</b>  | <b>3,163,792</b>        | <b>2,624,247</b>   | <b>539,545</b>      | <b>20.6%</b>      | <b>100.0%</b> | <b>100.0%</b> |
| <b>COST OF LOTTERY SERVICES</b>                                | <b>(306,021)</b>        | <b>-</b>           | <b>306,021</b>      | <b>100.0%</b>     | <b>-9.7%</b>  | <b>0.0%</b>   |
| <b>COST OF REAL ESTATE AND CLUB SHARES SOLD</b>                | <b>(125,856)</b>        | <b>(115,389)</b>   | <b>10,467</b>       | <b>9.1%</b>       | <b>-4.0%</b>  | <b>-4.4%</b>  |
| <b>COST OF SERVICES OF PROPERTY MANAGEMENT</b>                 | <b>(88,052)</b>         | <b>(60,269)</b>    | <b>27,783</b>       | <b>46.1%</b>      | <b>-2.8%</b>  | <b>-2.3%</b>  |
| <b>COST OF GAMING OPERATIONS</b>                               | <b>(7,075)</b>          | <b>-</b>           | <b>7,075</b>        | <b>100.0%</b>     | <b>-0.2%</b>  | <b>0.0%</b>   |
| <b>ACCRETION OF NONTRADE LIABILITY</b>                         | <b>(531,348)</b>        | <b>-</b>           | <b>531,348</b>      | <b>100.0%</b>     | <b>-16.8%</b> | <b>0.0%</b>   |
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>                     | <b>(754,510)</b>        | <b>(642,642)</b>   | <b>111,868</b>      | <b>17.4%</b>      | <b>-23.8%</b> | <b>-24.5%</b> |
| <b>REVERSAL OF PROVISION FOR PROBABLE LOSSES ON INVESTMENT</b> | <b>1,219,133</b>        | <b>-</b>           | <b>1,219,133</b>    | <b>100.0%</b>     | <b>38.5%</b>  | <b>0.0%</b>   |
| <b>GAIN ON REMEASUREMENT OF INVESTMENT</b>                     | <b>879,348</b>          | <b>-</b>           | <b>879,348</b>      | <b>100.0%</b>     | <b>27.8%</b>  | <b>0.0%</b>   |
| <b>DAY 1 GAIN (LOSS) ON FINANCE LEASE ACCOUNTING</b>           | <b>(812,842)</b>        | <b>2,324,434</b>   | <b>(3,137,276)</b>  | <b>-135.0%</b>    | <b>-25.7%</b> | <b>88.6%</b>  |
| <b>EQUITY IN NET EARNINGS OF ASSOCIATES</b>                    | <b>117,190</b>          | <b>119,940</b>     | <b>(2,750)</b>      | <b>-2.3%</b>      | <b>3.7%</b>   | <b>4.6%</b>   |
| <b>INTEREST EXPENSE</b>  | <b>(98,723)</b>         | <b>(103,852)</b>   | <b>(5,129)</b>      | <b>-4.9%</b>      | <b>-3.1%</b>  | <b>-4.0%</b>  |
| <b>INTEREST INCOME</b>   | <b>29,979</b>           | <b>56,112</b>      | <b>(26,133)</b>     | <b>-46.6%</b>     | <b>0.9%</b>   | <b>2.1%</b>   |
| <b>NET FOREIGN EXCHANGE LOSS</b>                               | <b>(7,619)</b>          | <b>(86,167)</b>    | <b>(78,548)</b>     | <b>-91.2%</b>     | <b>-0.2%</b>  | <b>-3.3%</b>  |
| <b>GAIN ON SHARE SWAP</b>                                      | <b>-</b>                | <b>772,247</b>     | <b>(772,247)</b>    | <b>100.0%</b>     | <b>0.0%</b>   | <b>29.4%</b>  |
| <b>OTHER INCOME (CHARGES) - net</b>                            | <b>12,747</b>           | <b>81,052</b>      | <b>(68,305)</b>     | <b>-84.3%</b>     | <b>0.4%</b>   | <b>3.1%</b>   |
| <b>INCOME BEFORE INCOME TAX</b>                                | <b>2,690,143</b>        | <b>4,969,713</b>   | <b>(2,279,570)</b>  | <b>-45.9%</b>     | <b>85.0%</b>  | <b>189.4%</b> |
| <b>PROVISION FOR INCOME TAX</b>                                |                         |                    |                     |                   |               |               |
| Current  | 179,943                 | 305,577            | (125,634)           | -41.1%            | 5.7%          | 11.6%         |
| Deferred   | (46,474)                | 1,027,952          | (1,074,426)         | -104.5%           | -1.5%         | 39.2%         |
|  | <b>133,469</b>          | <b>1,333,529</b>   | <b>(1,200,060)</b>  | <b>-90.0%</b>     | <b>4.2%</b>   | <b>50.8%</b>  |
| <b>NET INCOME</b>  | <b>P 2,556,674</b>      | <b>P 3,636,184</b> | <b>(1,079,510)</b>  | <b>-29.7%</b>     | <b>80.8%</b>  | <b>138.6%</b> |

Belle Corporation ("Belle" of the "Company") consolidated net income for 2014 was ₱2,556.7 million. This is ₱1,079.5 million (30%) lower than the consolidated net income of ₱3,636.2 million for the year ended December 31, 2013, due to higher non-operating and non-recurring income during 2013. Net non-recurring income during 2013 amounted to approximately ₱3,064.0 million (after related tax provisions), and were comprised of the following: the Termination Fee Income of ₱949.6 million (pre-tax) received from the Philippine affiliates of Melco Crown Entertainment, Ltd. (collectively, "MCE") in March 2013, upon the commencement of MCE's lease on Belle's property to be used for the City of Dreams Manila integrated resort project; a Day 1 Gain on Finance Lease Accounting ("Day 1 Gain") of ₱2,324.4 million (before ₱697.3 million deferred tax provision) during 2013; and a gain on share swap of the Company's 809 million shares of Highlands Prime, Inc. amounting to ₱772.2 million. Net non-recurring income during 2014 totaled only about ₱1,520.2 million (net of related tax provisions), and were comprised of: a ₱31.4 million (pre-tax) gain on redemption of SMIC retail bonds in August 2014; a ₱1,219.1 million reversal of investment loss reserves by PLC, a Belle subsidiary; a ₱812.8 million Day 1 Loss on Finance Lease Accounting (before ₱243.9 million deferred tax benefit); a ₱879.3 million gain on re-measurement of investment net of non-recurring business acquisition costs at POSC, a subsidiary of Belle. Excluding these non-recurring items, Belle's net income for the year ended December 31, 2014 would have been ₱1,036.5 million, which is higher by approximately ₱464.3 million (81%) compared to adjusted net income for the year ended December 31, 2013 of about ₱572.2 million.

### **Revenues**

Gross revenue of ₱3,163.8 million in 2014 was higher by ₱539.5 million (21%), compared to ₱2,624.2 million in 2013 due to the following: consolidation of POSC revenues starting in June 2014 totaling ₱1,030.3 million (comprising of equipment lease rentals, instant scratch ticket sales and commission income included in "other revenues"); higher interest income on finance lease accounting amounting to ₱231.6 million; higher sales of real estate and club shares amounting to ₱125.0 million; gaming income share from City of Dreams Manila by Premium Leisure Corporation ("PLC") amounting to ₱38.8 million; and dividend income from SM Prime Holdings, included in "other revenues", amounting to ₱22.4 million. The increase in gross revenue was offset by the non-recurring Termination Fee Income in 2013, amounting to ₱949.6 million.

Gross revenue from sales of real estate and club shares for the year ended December 31, 2014 of ₱300.3 million was higher by ₱125.0 million (71%), compared to ₱175.3 million for the year ended December 31, 2013. Gross profit from sales of real estate and club shares for the year ended December 31, 2014 of ₱174.4 million was higher than gross profit therefrom for the year ended December 31, 2013 of ₱60.0 million by ₱114.5 million (191%) due to higher sales of real estate and club shares. There were no new real estate development projects launched by Belle during the year ended December 31, 2014.

Gross revenue from property management services for the year ended December 31, 2014 of ₱115.4 million was higher by ₱10.3 million (10%), compared to ₱105.0 million for the year ended December 31, 2013 due to higher revenue from water services. Gross profit from property management services for the year ended December 31, 2014 of ₱27.3 million was lower by ₱17.5 million (39%), compared to ₱44.8 million for the year ended December 31, 2013, due to higher costs of water services.

PLC recognized a share in gaming revenues of City of Dreams Manila in 2014 due to the soft opening of the City of Dreams Manila integrated resorts casino on December 14, 2014. Gross revenue from gaming income of City of Dreams Manila by PLC for the year ended December 31, 2014 of ₱38.8 million pertains to 15% of Net Win or 50% of earnings before interest, taxes, rent and depreciation/amortization of gaming operations of MCE, whichever is higher.

### **Cost of Lottery Services**

Cost of lottery services pertains to direct costs of POSC amounting to ₱306.0 million for the year ended December 31, 2014, which includes: operating supplies amounting to ₱45.3 million; software license fees amounting to ₱81.7 million; consultancy fees amounting to ₱46.6 million; communication fees amounting to ₱63.8 million; and depreciation and amortization of lottery equipment amounting to ₱68.6 million.



#### **Cost of Real Estate and Club Shares Sold**

Cost of real estate and clubs shares sold increased by ₱10.5 million (9%) to ₱125.9 million for the year ended December 31, 2014 from ₱115.4 million for the year ended December 31, 2013 due mainly to higher unit sales of real estate and club shares sold during the 2014 period.

#### **Costs of Services of Property Management**

Cost of services of property management increased by ₱27.8 million (46%) to ₱88.1 million for the year ended December 31, 2014 from ₱60.3 million due to higher maintenance, power and water costs for the 2014 period.

#### **Costs of Gaming Operations**

Cost of gaming operations refers to the service fee paid to consultants by PLC, in respect of its gaming operations.

#### **General and Administrative Expenses**

General and administrative expenses increased by ₱111.9 million (17%), from ₱642.6 million for the year ended December 31, 2013 to ₱754.5 million for the year ended December 31, 2014. The increase in general and administrative expenses during 2014 was due to the following: (i) ₱338.6 million general and administrative expenses by POSC, as a result of consolidation and (ii) ₱40.0 million in documentary stamp taxes (DST) pertaining to the ₱4.0 billion estimated liability to AB Leisure Global, Inc. ("ABLGI"), which is included in the Non-trade Liability Account in Belle's consolidated statement of financial position.

#### **Reversal of Provision for Probable Losses on Investment**

PLC, the Company's 78.7%-owned subsidiary, recorded a ₱1,219.1 million net reversal of a provision for impairment of its investment in Legend International Resorts (HK) Limited ("LIR") following the cancellation of 1 billion of its common shares formerly held by Metroplex Berhad, thereby fulfilling the agreement entered into by and among itself, Belle, Metroplex Berhad and LIR in rescinding the Swap Agreement in August 2001 (the "LIR Unwinding").

#### **Gain on Re-measurement of Investment**

This pertains to the gain on revaluation of Belle's consolidated investment in POSC based on a share price of ₱18.6 per share as of June 5, 2014 (which is determined to be the date of acquisition), compared to the Belle's average acquisition cost for its POSC shares of ₱15 per share.

#### **Gain (Loss) on Finance Lease Accounting**

As a result of adjustments made to the Finance Lease Receivable for the increase in its construction budget for Phase 1 of the City of Dreams Manila, Belle recognized a Day 1 Loss amounting to ₱812.8 million for 2014. In 2013, the lease agreement with MCE for Phase 1 was accounted for as a finance lease, in accordance with Philippine Accounting Standards 17 (PAS 17). Belle thus recognized a finance lease receivable measured at the present value of the minimum lease payments, and derecognized the cost of the related building. The excess of the present value of minimum lease payments over the cost of the building amounting to ₱2,324.4 million was recognized as a one-time "Day 1 Gain" in 2013. Under PAS 17, although the lease contract between Belle and MCE is structured as an operating lease, the building lease is treated as a theoretical sale under a capital lease arrangement, notwithstanding the fact that Belle is not relinquishing ownership of any and all property being leased to MCE.

#### **Accretion of Nontrade Liability**

This pertains to the interest component of the ABGLI Advance amounting to ₱531.3 million.

#### **Equity in Net Earnings of Associates**

The Company's equitized net earnings from associated companies decreased by ₱2.8 million (2%), to ₱117.2 million for 2014 from ₱119.9 million during 2013, due to the consolidation of POSC in 2014. POSC, of which Belle and PLC own a combined 50.1% of common shares, brought a net income of ₱241.8 million for 2014, compared to equitized earnings of ₱113.1 million out of POSC's net income of

₱323.7 million in the 2013. Belle's total ownership in POSC was increased to 50.1% (from 34.94% as of December 31, 2013) after a series of share purchases in the secondary market at the Philippine Stock Exchange during the first half of 2014. Woodland Development Corporation ("WDC"), Belle's 47%-owned associate, brought equitized earnings of ₱1.3 million out of WDC's net income of ₱2.7 million for the year ended December 31, 2014.

#### **Financial Income and Expenses**

Interest expense decreased by ₱5.1 million (5%), to ₱98.7 million for 2014, from ₱103.9 million for 2013. Interest income decreased by ₱26.1 million, to ₱30.0 million in 2014 from ₱56.1 million in 2013, mainly due to decreases in average invested cash levels.

#### **Net Foreign Exchange Loss**

The foreign exchange translation loss of ₱7.6 million for 2014 (based on a foreign exchange rate of ₱44.72:US\$1.00 as of December 31, 2014 vs. foreign exchange rate of ₱44.40:US\$1.00 as of December 31, 2013) decreased by ₱78.5 million from ₱86.2 million for 2013 period (based on a foreign exchange rate of ₱44.40:US\$1.00 as of December 31, 2013 vs. ₱44.05:US\$1.00 as of December 31, 2012). The decrease was mainly due to the settlement of the Company's US\$22 million in foreign currency denominated Floating Rate Notes (the "FRNs") in May 2014, based on a foreign exchange rate upon settlement of ₱44.40:US\$1.00. During the 2013, the Company, recorded a foreign exchange loss of ₱12.5 million from an Escrow Deposit of US\$57.5 million that was being maintained for the PAGCOR License, upon termination thereof in May 2013 (as MCE put up its own Escrow Deposit to replace it) and recognized additional foreign exchange translation losses of ₱73.7 million from its FRNs.

#### **Provisions for Taxes**

Provisions for taxes decreased by ₱1,200.1 million (90%), to ₱133.5 million for 2014 from ₱1,133.5 million for the year ended December 31, 2013, due to the following: (i) deferred tax asset recognized on NOLCO and excess MCIT as of December 31, 2014 totaling ₱188.8 million; (ii) deferred tax asset recognized on the Day 1 Loss in 2014 amounting to ₱243.9 million; and (iii) ₱697.3 million deferred tax liability on the ₱2,234.4 million Day 1 gain in 2013.

## December 31, 2014 versus December 31, 2013 Statement of Financial Position (in thousands)

|  | December 31, 2014 |                   | December 31, 2013 |                   | Horizontal Analysis |              | Vertical Analysis |               |
|--|-------------------|-------------------|-------------------|-------------------|---------------------|--------------|-------------------|---------------|
| <b>ASSETS</b>  |                   |                   |                   |                   |                     |              |                   |               |
| Cash and cash equivalents  | P                 | 6,326,509         | P                 | 1,170,396         | 5,156,113           | 440.5%       | 15.2%             | 3.7%          |
| Receivables  |                   | 2,764,801         |                   | 1,210,787         | 1,554,014           | 128.3%       | 6.7%              | 3.8%          |
| Finance lease receivable   |                   | 9,589,492         |                   | 9,752,212         | (162,720)           | -1.7%        | 23.1%             | 30.9%         |
| Real estate for sale - at cost                                   |                   | 3,961,905         |                   | 3,592,276         | 369,629             | 10.3%        | 9.5%              | 11.4%         |
| Club shares - at cost  |                   | 2,700,551         |                   | 2,810,221         | (109,670)           | -3.9%        | 6.5%              | 8.9%          |
| Investments in marketable securities                             |                   | 330,218           |                   | -                 | 330,218             | 100.0%       | 0.8%              | 0.0%          |
| Investments in and advances to associates - net                  |                   | 140,909           |                   | 978,016           | (837,107)           | -85.6%       | 0.3%              | 3.1%          |
| Available-for-sale financial assets                              |                   | 1,945,698         |                   | 1,773,793         | 171,905             | 9.7%         | 4.7%              | 5.6%          |
| Held-to-maturity investments                                     |                   | -                 |                   | 750,000           | (750,000)           | -100.0%      | 0.0%              | 2.4%          |
| Advances to related parties - net                                |                   | 26,927            |                   | 11,587            | 15,340              | 132.4%       | 0.1%              | 0.0%          |
| Investment properties  |                   | 4,424,416         |                   | 2,958,707         | 1,465,709           | 49.5%        | 10.7%             | 9.4%          |
| Property and equipment   |                   | 576,817           |                   | 176,014           | 400,803             | 227.7%       | 1.4%              | 0.6%          |
| Goodwill   |                   | 1,791,977         |                   | -                 | 1,791,977           | 100.0%       | 4.3%              | 0.0%          |
| Gaming license   |                   | 5,261,186         |                   | 5,261,186         | -                   | 0.0%         | 12.7%             | 16.7%         |
| Pension asset  |                   | 1,103             |                   | 12,515            | (11,412)            | -91.7%       | 0.0%              | 0.0%          |
| Other assets   |                   | 1,652,568         |                   | 1,096,138         | 556,430             | 50.8%        | 4.0%              | 3.5%          |
| <b>Total Assets</b>  | <b>P</b>          | <b>41,495,077</b> | <b>P</b>          | <b>31,553,848</b> | <b>9,941,229</b>    | <b>31.5%</b> | <b>100.0%</b>     | <b>100.0%</b> |
| <b>LIABILITIES AND EQUITY</b>                                    |                   |                   |                   |                   |                     |              |                   |               |
| <b>Liabilities</b>   |                   |                   |                   |                   |                     |              |                   |               |
| Loans payable  | P                 | 4,750,017         | P                 | 200,466           | 4,549,551           | 2269.5%      | 11.4%             | 0.6%          |
| Accounts payable and other liabilities                           |                   | 2,932,516         |                   | 2,469,852         | 462,664             | 18.7%        | 7.1%              | 7.8%          |
| Income tax payable   |                   | 57,867            |                   | -                 | 57,867              | 100.0%       | 0.1%              | 0.0%          |
| Assignment of receivables with recourse                          |                   | 28,026            |                   | 89,549            | (61,523)            | 0.0%         | 0.1%              | 0.3%          |
| Pension liability  |                   | 17,739            |                   | -                 | 17,739              | 100.0%       | 0.0%              | 0.0%          |
| Deferred tax liabilities - net                                   |                   | 771,452           |                   | 836,530           | (65,078)            | -7.8%        | 1.9%              | 2.7%          |
| Long-term debt   |                   | -                 |                   | 1,502,800         | (1,502,800)         | -100.0%      | 0.0%              | 4.8%          |
| Estimated liability on construction cost                         |                   | 1,035,028         |                   | 2,247,567         | (1,212,539)         | -53.9%       | 2.5%              | 7.1%          |
| Obligations under finance lease                                  |                   | 92,850            |                   | -                 | 92,850              | 100.0%       | 0.2%              | 0.0%          |
| Non-trade liability  |                   | 4,241,256         |                   | 4,000,000         | 241,256             | 6.0%         | 10.2%             | 13%           |
| <b>Total Liabilities</b>   |                   | <b>13,926,751</b> |                   | <b>11,346,764</b> | <b>2,579,987</b>    | <b>22.7%</b> | <b>33.6%</b>      | <b>36.0%</b>  |
| <b>Equity</b>  |                   |                   |                   |                   |                     |              |                   |               |
| Attributable to equity holders of the parent                     |                   |                   |                   |                   |                     |              |                   |               |
| Preferred stock  |                   | -                 |                   | 1,000,000         | (1,000,000)         | -100.0%      | 0.0%              | 3.2%          |
| Common stock   |                   | 10,559,383        |                   | 10,559,383        | -                   | 0.0%         | 25.4%             | 33.5%         |
| Additional paid-in capital                                       |                   | 8,343,996         |                   | 5,503,731         | 2,840,265           | 51.6%        | 20.1%             | 17.4%         |
| Equity share in cost of Parent Company shares held by associates |                   | (2,501)           |                   | (2,501)           | -                   | 0.0%         | 0.0%              | 0.0%          |
| Cost of Parent Company shares held by subsidiaries               |                   | (1,571,646)       |                   | (2,257,631)       | (685,985)           | 30.4%        | -3.8%             | -7.2%         |
| Unrealized gain on available-for-sale financial assets - net     |                   | 87,046            |                   | (190,785)         | 277,831             | -145.6%      | 0.2%              | -0.6%         |
| Other reserves   |                   | 6,735             |                   | 21,386            | (14,651)            | -68.5%       | 0.0%              | 0.1%          |
| Excess of net asset value of an investment over cost             |                   | 252,040           |                   | 252,040           | -                   | 0.0%         | 0.6%              | 0.8%          |
| Retained Earnings  |                   | 5,625,837         |                   | 4,533,666         | 1,092,171           | 24.1%        | 13.6%             | 14.4%         |
|  |                   | <b>23,300,890</b> |                   | <b>19,419,289</b> | <b>2,509,631</b>    | <b>12.9%</b> | <b>56.2%</b>      | <b>61.5%</b>  |
| Non-Controlling Interests  |                   | 4,267,436         |                   | 787,795           | 3,479,641           | 441.7%       | 10.3%             | 2.5%          |
| <b>Total Equity</b>  |                   | <b>27,568,326</b> |                   | <b>20,207,084</b> | <b>7,361,242</b>    | <b>36.4%</b> | <b>66.4%</b>      | <b>64.0%</b>  |
| <b>Total Liabilities and Equity</b>                              | <b>P</b>          | <b>41,495,077</b> | <b>P</b>          | <b>31,553,848</b> | <b>9,941,229</b>    | <b>31.5%</b> | <b>100.0%</b>     | <b>100.0%</b> |

## **ASSETS**

Total assets of the Company increased by ₱9,837.2 million (31%), to ₱41,391.1 million as of December 31, 2014, from ₱31,553.8 million as of December 31, 2013.

### **Cash and Cash equivalents**

Cash and cash equivalents increased by ₱5,156.1 million (441%), to ₱6,326.5 million as of December 31, 2014, from ₱1,170.4 million as of December 31, 2013, due to the following: (i) borrowings amounting to ₱ 7,050.0 million; (ii) proceeds from disposal of SMIC retail bonds amounting to ₱792.7 million; (iii) rental receipts from MCE of ₱857.4 million; (iv) consolidation of POSC's cash and cash equivalents amounting to ₱463.3 million; (v) proceeds from sale of PLC shares amounting to ₱5,306.2 million; (vi) proceeds from sale of real estate and club shares and revenue from property management services totaling ₱770.0M; and (vii) interest and dividends received amounting to ₱154.9 million. These were offset by: (i) construction costs amounting to ₱4,073.0 million; (ii) payment of capital gains taxes amounting to ₱1,103.7 million on transfers of assets between Belle and PLC; (iii) settlement of FRNs amounting to ₱974.7 million upon maturity in May 2014; (iv) loan repayments amounting to ₱3,186.7 million; (v) acquisition of 44.5 million additional POSC shares at a total cost amounting to ₱624.3 million; and (vi) cash dividends amounting to ₱205.8 million paid in July 2014.

### **Receivables**

Receivables increased by ₱1,554.0 million (128%), to ₱2,764.8 million as of December 31, 2014 from ₱1,210.8 million as of December 31, 2013. The increase was mainly due to higher receivables from MCE arising from construction costs for the interiors of City of Dreams Manila advanced by Belle.

### **Finance Lease Receivables**

Due to the requirements under Philippine Accounting Standards Rule 17 ("PAS 17"), management has accounted for its lease agreement with MCE for the City of Dreams Manila building as a finance lease, even though there is neither a requirement nor any intention to transfer title therefor to MCE. The Company thus recorded a finance lease receivable equivalent to the fair value of the leased property, amounting to ₱9,375.0 million (fair valuation was determined by discounting minimum lease payments at the inception date of the lease agreement).

### **Real Estate for Sale and Club Shares**

Real estate for sale increased by ₱361.8 million (10%), to ₱3,954.0 million as of December 31, 2014 from ₱3,592.3 million as of December 31, 2013 due to construction of projects in Tagaytay Highlands. Club shares held by the Company, valued at historical cost, decreased by ₱109.7 million (4%), to ₱2,700.6 million as of December 31, 2014 from ₱2,810.2 million as of December 31, 2013.

### **Investments in and Advances to Associates**

Investments and advances decreased by ₱884.1 million (90%), to ₱93.9 million in as of December 31, 2014, from ₱978.0 million in December 2013. The decrease was mainly due to the consolidation of POSC upon attainment of consolidated ownership of 50.1% in June 2014, whereas POSC was previously accounted for as an associated company.

### **Investment in Marketable Securities**

This pertains to investments held by POSC in companies that are not subsidiaries or associates of Belle, comprised of listed shares of stock in Leisure and Resorts World Corporation, iVantage Corporation, DFNN, Inc. and Philippine Long Distance Telecommunication Company.

### **Available-for-sale Investments**

Available-for-sale investments increased by ₱113.6 million (6%), to ₱1,887.4 million in December 2014 from ₱1,773.8 million in December 2013, due mainly to increases in fair value of such available-for-sale investments. These investments consists of listed shares in SM Prime Holdings, Inc. and SM Investments Corporation.

### **Investment Properties**

Investment properties increased by P1,473.6 million (50%), from P2,958.7 million as of December 31, 2013 to P4,432.3 million as of December 31, 2014, mainly due to construction costs incurred in 2014 for Phase 2 of City of Dreams Manila.

### **Gaming License**

This pertains to the cost of PAGCOR License to operate integrated resorts that was granted by PAGCOR to PLAI.

### **Goodwill**

Belle recognized goodwill amounting to P1,704.3 million, as a result of consolidating POSC starting June 5, 2014.

### **Other Assets**

Other assets increased by P559.0 million (51%), to P1,655.1 million as of December 31, 2014 from P1,096.1 million as of December 31, 2013, mainly due to the increase in input VAT amounting to P410.0 million and consolidation of other assets held by POSC amounting to P134.3 million.

### **LIABILITIES**

Total liabilities increased by P2,613.4 million (23%), to P13,960.2 million as of December 31, 2014, from P11,346.8 million as of December 31, 2013, due to increase in loans payable, net of decreases in long-term debt and estimated liability on construction costs.

### **Loans Payable and Long-Term Debt**

Total debt, amounting to P4,750.0 million as of December 31, 2014, pertains to Peso loans from various local financial institutions, with average interest at 3.8% per annum. The Company repaid its US\$22 million in Floating Rate Notes (FRNs) upon maturity in May 2014, and prepaid Peso long-term debt incurred for the City of Dreams Manila integrated resort project of P502.3 million. Total debt increased by P3,046.7 million (179%), from P1,703.3 million as of December 31, 2013 to P6,350.0 million as of December 31, 2014, due mainly to loan availments totaling P7,050.0 million in 2014.

### **Accounts Payable and Other Liabilities**

Accounts payable and other liabilities increased by P462.7 million (19%), to P2,932.5 million in December 2014 compared to P2,469.9 million in December 2013 due mainly to the increases in trade payables. Comprising accounts payable and other liabilities are principally trade payables of P1,955.8 million, non-trade payables of P509.6 million, accrued expenses of P369.4 million, advances from related parties of P75.3 million and customers' deposits of P22.4 million.

### **Estimated Liability for Construction**

The Company recorded an estimated liability for construction costs for City of Dreams Manila in March 2013 amounting to P2,247.6 million, as a result of accounting for its lease agreement with MCE pertaining to the City of Dreams Manila building as a finance lease, as required under PAS 17.

### **Obligations under Finance Lease**

This pertains to POSC's lottery equipment under finance lease accounting.

### **Non-trade Liability**

This pertains to ABLGI advances to the company which helped fund the construction of the casino building. The increase in this account pertains to the accretion of interest expense in 2014.

### **EQUITY**

The Company's shareholder's equity as of December 31, 2014 of P27,430.9 million was higher by P7,223.8 million (36%), compared to the level as of December 31, 2013 of P20,207.1 million. The increase resulted from increases in Other Reserves, Non-controlling Interests and Retained Earnings (see following discussions).

### **Preferred Stock and Cost of Parent Company Shares held By Subsidiaries**

In July 2014 Belle redeemed through cash payment and cancelled its preferred shares held by PLC. Consequently, the cancellation of the preferred shares also decreased the cost of parent company shares held by subsidiaries by ₱1 billion. The decrease in cost of parent company shares held by subsidiaries was offset by the Belle common shares held by POSC amounting to P347.2 million. POSC was consolidated by the Group in June 2014 when the Group increased its ownership from 34.9% to 51.9%.

### **Other Reserves**

In September 2014, Belle and its subsidiaries sold 3,173.7 million PLC shares (constituting approximately 12% interest in PLC) to stockholders comprising minority interests in PLC, with total net proceeds of ₱5,123.5 million. The excess of the proceeds from the sale over the equivalent carrying amount of the 12% interest in PLC was recognized as an increase in other reserves. Belle's ownership in PLC stood at about 79% as of December 31, 2014. Transaction costs amounting to ₱1,084.3 on transfers of assets between Belle and PLC was recognized as a decrease in other reserves.

### **Non-controlling Interest**

Non-controlling interests increased by ₱2,045.5 million, from ₱787.8 million as of December 31, 2013 to ₱2,833.3 million as of December 31, 2014, due to the following: (a) acquisition of additional non-controlling interest in POSC amounting to ₱665.9 million; (b) settlement of subscription receivables amounting to ₱1,165.6 million and (c) net profit attributable to non-controlling interest amounting to ₱354.4 million.

### **Retained Earnings**

For the year ended December 31, 2014, the Company recorded consolidated net income amounting to ₱2,556.7 million that augmented retained earnings. Transactions reducing retained earnings were its payment of cash dividends amounting to ₱205.8 million in July 2014 and an equity adjustment of ₱960.5 million on the cancellation of the 1,000,000,000 shares of Sinophil/PLC due to the LIR Unwinding. The Company thus had consolidated retained earnings of ₱5,568.1 million as of December 31, 2014, compared to consolidated retained earnings of ₱4,533.7 million as of December 31, 2013.

Below are the comparative key performance indicators of the Company and its subsidiaries:

|                              | Manner by which the Company calculates the key performance indicators                             | 31 Dec 2014         | 31 Dec 2013  |
|------------------------------|---|---------------------|--------------|
| Asset to equity ratio        | Total assets over equity  | <b>1.51: 1.00</b>   | 1.56 : 1.00  |
| Current or Liquidity ratio   | Current assets over current liabilities   | <b>2.09: 1.00</b>   | 1.71 : 1.00  |
| Debt-to-equity ratio         | Interest-bearing debt over equity   | <b>0.17: 1.00</b>   | 0.29 : 1.00  |
| Net debt-to-equity ratio     | Interest-bearing debt less cash and cash equivalents, HTM investments and escrow fund over equity | <b>(0.06): 1.00</b> | 0.19 : 1.00  |
| Interest rate coverage ratio | EBIT over interest expense  | <b>13.68:1.00</b>   | 17.39 : 1.00 |
| Return on assets             | Annualized net income over average total assets during the period                                 | <b>7.1%</b>         | 2.3%         |
| Return on equity             | Annualized net income over average equity during the period                                       | <b>10.6%</b>        | 3.4%         |

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2014, total loans of the Company of P4,750.0 million were comprised short-term bank borrowings of P3,000.0 million and long-term debt of P1,750.0 million. Belle has a number of revenue-generating projects, rental income and expected dividends from subsidiaries from which to receive cash flow. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of December 31, 2014, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity.
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:

Under the License granted to PLAI by PAGCOR, the parties in Consortium (PLAI, Belle and MCE) are committed to invest a minimum of US \$1 billion ("Investment Commitment") into the Project. Under the PAGCOR Guidelines, of the US\$1.0 billion, US\$650.0 million shall be invested upon the opening of the integrated resort and the other US\$350.0 million shall be invested within a period of three (3) years from the commencement of the integrated resort operations. The Investment Commitment shall be composed of the value of the land (a maximum of up to US\$150 million) and the development costs of the infrastructures and facilities within the Project. The Consortium already exceeded the Investment Commitment upon the soft opening of City of Dreams Manila on December 14, 2014.

- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)

## December 31, 2013 versus December 31, 2012 Results of Operations (in thousands)

|   | Years Ended December 31 |           | Horizontal Analysis |         | Vertical Analysis |        |  |
|---|-------------------------|-----------|---------------------|---------|-------------------|--------|--|
|   | 2013                    | 2012      | Increase (Decrease) |         | 2013              | 2012   |  |
| <b>REVENUE</b>                              |                         |           |                     |         |                   |        |  |
| Interest income on finance lease accounting | P 1,177,570             | P -       | 1,177,570           | 100.0%  | 44.9%             | 0.0%   |  |
| Termination fee income                      | 949,608                 | -         | 949,608             | 100.0%  | 36.2%             | 0.0%   |  |
| Sales of real estate and club shares        | 175,280                 | 323,563   | (148,283)           | -45.8%  | 6.7%              | 65.4%  |  |
| Lease income                                | 157,136                 | 18,427    | 138,709             | 752.7%  | 6.0%              | 3.7%   |  |
| Revenue from property management            | 105,033                 | 95,272    | 9,761               | 10.2%   | 4.0%              | 19.3%  |  |
| Others                                      | 59,620                  | 57,171    | 2,449               | 4.3%    | 2.3%              | 11.6%  |  |
|   | 2,624,247               | 494,433   | 2,129,814           | 430.8%  | 100.0%            | 100.0% |  |
|   |                         |           | -                   |         |                   |        |  |
| COST OF REAL ESTATE AND CLUB SHARES SOLD    | (115,389)               | (117,152) | (1,763)             | -1.5%   | -4.4%             | -23.7% |  |
| COST OF SERVICES OF PROPERTY MANAGEMENT     | (60,269)                | (72,943)  | (12,674)            | -17.4%  | -2.3%             | -14.8% |  |
| GENERAL AND ADMINISTRATIVE EXPENSES         | (642,642)               | (275,450) | 367,192             | 133.3%  | -24.5%            | -55.7% |  |
| DAY 1 GAIN ON FINANCE LEASE ACCOUNTING      | 2,324,434               | -         | 2,324,434           | 100.0%  | 88.6%             | 0.0%   |  |
| GAIN ON SHARE SWAP                          | 772,247                 | -         | 772,247             | 100.0%  | 29.4%             | 0.0%   |  |
| EQUITY IN NET EARNINGS OF ASSOCIATES        | 119,940                 | 288,730   | (168,790)           | -58.5%  | 4.6%              | 58.4%  |  |
| INTEREST EXPENSE                            | (103,852)               | (128,151) | (24,299)            | -19.0%  | -4.0%             | -25.9% |  |
| NET FOREIGN EXCHANGE LOSS                   | (86,167)                | (36,718)  | (49,449)            | 134.7%  | -3.3%             | -7.4%  |  |
| INTEREST INCOME                             | 56,112                  | 116,453   | (60,341)            | -51.8%  | 2.1%              | 23.6%  |  |
| GAIN ON LIQUIDATING DIVIDEND                | -                       | 539,671   | (539,671)           | -100.0% | 0.0%              | 109.1% |  |
| OTHER CHARGES - net                         | 81,052                  | (95,064)  | (176,116)           | -185.3% | 3.1%              | -19.2% |  |
| INCOME BEFORE INCOME TAX                    | 4,969,713               | 713,809   | 4,255,904           | 596.2%  | 189.4%            | 144.4% |  |
| PROVISION FOR (BENEFIT FROM) INCOME TAX     |                         |           |                     |         |                   |        |  |
| Current                                     | 305,577                 | 79,154    | 226,423             | 286.1%  | 11.6%             | 16.0%  |  |
| Deferred                                    | 1,027,952               | 78,992    | 948,960             | 1201.3% | 39.2%             | 16.0%  |  |
|   | 1,333,529               | 158,146   | 1,175,383           | 743.2%  | 50.8%             | 32.0%  |  |
|   |                         |           |                     |         |                   |        |  |
| <b>NET INCOME</b>                           | P 3,636,184             | P 555,663 | 3,080,521           | 554.4%  | 138.6%            | 112.4% |  |

Belle Corporation ("Belle" or "the Company") realized consolidated net income of ₱3,636.2 million for the year ended December 31, 2013. The Company's 2013 net income was ₱3,080.5 million (554%) higher than consolidated net income of ₱555.7 million for the year ended December 31, 2012. This was achieved due to significantly higher revenues, a Day 1 Gain on Finance Lease Accounting ("Day 1 Gain") of ₱2,324.4 million and a gain on the swap of the Company's 809 million shares of Highlands Prime, Inc. for 109 million shares of SM Prime Holdings, Inc. amounting to ₱772.2 million (the "Swap Gain") during 2013.

### Revenues

Gross revenue of ₱2,624.2 million was higher by ₱2,129.8 million (431%), compared to ₱494.4 million in 2012, due to the receipt of revenues arising from the lease and operating agreements with Philippine Subsidiaries of Melco Crown Entertainment, Ltd. (collectively "MCE") totaling ₱2,284.3 million, comprised of a termination fee of ₱949.6 million received from MCE in March 2013, the termination fee represents the various costs MCE agreed to absorb as one the conditions of the Company in including MCE as co-licensees of the City of Dreams Manila integrated resort complex, ₱157.1 million in current lease income on 6.2 hectares of leased land and ₱1,177.6 million in interest income on finance lease accounting for approximately 17 hectares of building space, which total an increase of ₱2,265.9 million compared to total lease income of ₱18.4 million in 2012.

The lease agreement with Melco for casino building phase 1 has been accounted for under finance lease, in accordance with Philippine Accounting Standards 17 (PAS 17). Under the finance lease, Belle recognized finance lease receivable measured at present value of the minimum lease payments, and



derecognized the cost of the related asset. The excess of the present value of minimum lease payments over cost of the asset amounting to ₱2,324.4 million was recognized as one-time "Day 1 Gain on finance lease". Under PAS 17, the building lease is treated as a theoretical sale under a capital lease arrangement, notwithstanding the fact that Belle is not relinquishing ownership of any and all property being leased to MCE. The Company has been devoting significant resources to development activities connected with its integrated resort project located in Aseana Business Park in Parañaque City, which will be named "City of Dreams Manila" and is targeted for its Grand Opening within 2014. City of Dreams Manila, which carries the brand name of MCE's flagship resort in Macau's Cotai Strip, will be operated by MCE through an operating agreement with Belle and its wholly-owned subsidiary, PremiumLeisure and Amusement, Inc. ("PLAI").

Gross revenue from sales of real estate and club shares for 2013 of ₱175.3 million was lower by ₱148.3 million (46%), compared to ₱323.6 million in 2012. Gross profit from sales of real estate and club shares for 2013 of ₱59.9 million was also lower than gross profit therefrom during 2012 of ₱206.4 million by ₱146.5 million (71%), due to lower sales of real estate and club shares. There were no new real estate projects launched by the Company in 2013 and 2012.

#### **Cost of Real Estate and Club Shares Sold**

Cost of real estate and clubs shares sold decreased by ₱1.8 million (2%) to ₱115.4 million in 2013 from ₱117.2 million in 2012 due mainly to lower unit sales of real estate and club shares sold in 2013.

#### **Cost of Services of Property Management**

Cost of services of property management decreased by ₱12.6 million (17.4%) to ₱60.3 million in 2013 from ₱72.9 million in 2012 due to lower maintenance and water costs in 2013.

#### **General and Administrative Expenses**

General and administrative expenses increased by ₱367.2 million (133%), from ₱275.5 million in 2012 to ₱642.6 million in 2013. The substantial increase in general and administrative expenses was due to the following: (i) expenses directly related to PLAI; (ii) higher depreciation expense of ₱50.9 million in 2013 compared to ₱30.9 million in 2012; (iii) higher administrative expenses of ₱182.4 million in 2013 compared to ₱109.4 million in 2012, mainly due to higher office rentals and professional fees; and (iv) Payment to AB Leisure Global, Inc. in consideration for the waiver of rights under its previous agreements with the Company, amounting to ₱283.5 million. These increases were partially offset by lower selling expenses of ₱23.9 million in 2013, compared to ₱37.0 million in 2012.

#### **Financial Income and Expenses**

Interest expense decreased by ₱24.5 million (19%), to ₱103.9 million in 2013, from ₱128.2 million in 2012. The decrease was caused in large part by lower borrowings during 2013, compared to 2012. The Company also capitalized borrowing costs amounting to ₱111.0 million in 2013 and ₱247.0 million in 2012, on borrowings incurred for construction of City of Dreams Manila.

Interest income decreased by ₱60.4 million (52%), from ₱116.5 million in 2012 to ₱56.1 million in 2013 due to lower interest rates and the termination of the Company's US\$57.5 million Escrow Deposit (maintained for its PAGCOR license) in May 2013, as MCE put up its own Escrow Deposit to replace it.

#### **Equity in Net Earnings of Associates**

The Company's equitized net earnings from associated companies decreased by ₱168.8 million (59%) to ₱119.9 million in 2013, from ₱288.7 million in 2012. Pacific Online Systems Corporation ("POSC"), owned 35% by Belle during 2013, brought equitized earnings of ₱113.1 million out of net income of ₱323.7 million in 2013, compared to equitized earnings of ₱142.1 million out of net income of ₱406.8 million in 2012. POSC leases on-line equipment to the Philippine Charity Sweepstakes Office for their

lottery operations located mostly in Visayas and Mindanao. Woodland Development Corporation ("WDC"), Belle's 47%-owned associate, brought equitized earnings of ₱3.8 million out of net income of ₱8.0 million in the 2013 period, compared to equitized earnings of ₱135.0 million out of net income of ₱287.3 million in the 2012 period. The significant decrease in net income of WDC during 2013 was due to a one-time gain on sale of land to SM Development Corporation recognized in 2012.

#### **Gain on Liquidating Dividend**

In November 2012, the Company received its assigned land valued at ₱1,054.2 million, with 42,166 square meters in area, as a liquidating dividend from Belle Bay City Corporation ("BBCC"). The receipt of the land from BBCC as liquidating dividend resulted in the cancelation of Belle's investments in BBCC and recognition of a gain on liquidating dividend of ₱539.7 million.

#### **Net Foreign Exchange Loss**

The Company posted total foreign exchange translation losses of ₱86.2 million in 2013, arising from its US\$22 million in foreign currency denominated Floating Rate Notes (the "FRNs") due in 2014 and its US\$50.0 million escrow deposit maintained as required under its PAGCOR license (the "Escrow Deposit") until May 2013 (when MCE put up its own Escrow Deposit to replace it). Comparatively, its net foreign exchange translation losses in 2012 amounted to ₱36.7 million.

The Company recorded a foreign exchange translation loss from its FRNs of ₱73.7 million in 2013 (based on a foreign exchange rate of ₱44.40:US\$1.00 as of December 31, 2013 vs. ₱41.05:US\$1.00 as of December 31, 2012) compared to a foreign exchange translation gain of ₱61.4 million in 2012 (based on a foreign exchange rate of ₱41.05:US\$1.00 as of December 31, 2012 vs. ₱43.84:US\$1 as of December 31, 2011)

During 2013, the Company recorded a foreign exchange loss of ₱12.5 million from its Escrow Deposit, upon termination thereof in May 2013, based on a foreign exchange rate upon termination of ₱40.85:US\$1.00 vs. the foreign exchange rate of ₱41.05:US\$1.00 as of December 31, 2013. In 2012, the Company recorded a foreign exchange translation loss on the Escrow Deposit of ₱98.1 million, based on the foreign exchange rate as of December 31, 2012 of ₱41.05:US\$1.00 vs. the actual conversion rate of ₱43.02:US\$1.00 in June 2012.

#### **Provision for Income Tax**

Provision for income tax increased by ₱1,175.4 million (743%), to ₱1,333.5 million in 2013 from ₱158.1 million in 2012, due to the higher taxable income and a ₱697.3 million deferred tax liability recognized on the ₱2,324.4 million Day 1 Gain in 2013.

#### **Net Income**

As a result of the foregoing, Belle Corporation realized consolidated net income of ₱3,636.2 million for 2013. This is ₱3,080.5 million (554%) higher than the consolidated net income of ₱555.7 million for 2012 and comprises a record level. Moreover, the Company's consistent profitability has allowed it to post positive consolidated retained earnings of ₱4,533.7 million as of December 31, 2013.

### 31 December 2013 versus 31 December 2012 Statement of Financial Position (in thousands)

|  | December 31, 2013 |                   | December 31, 2012 |                   | Horizontal Analysis |              | Vertical Analysis |               |
|--|-------------------|-------------------|-------------------|-------------------|---------------------|--------------|-------------------|---------------|
|  |                   | Audited           |                   | Audited           | Inc (Dec)           | %            | 2013              | 2012          |
| <b>ASSETS</b>  |                   |                   |                   |                   |                     |              |                   |               |
| Cash and cash equivalents  | P                 | 1,170,396         | P                 | 1,419,711         | (249,315)           | -17.6%       | 3.7%              | 5.6%          |
| Short-term Investments   |                   | -                 |                   | 965               | (965)               | -100.0%      | 0.0%              | 0.0%          |
| Receivables  |                   | 1,210,787         |                   | 1,352,972         | (142,185)           | -10.5%       | 3.8%              | 5.3%          |
| Finance lease receivable   |                   | 9,752,212         |                   | -                 | 9,752,212           | 100.0%       | 30.9%             | 0.0%          |
| Real estate for sale - at cost                                   |                   | 3,592,276         |                   | 2,901,335         | 690,941             | 23.8%        | 11.4%             | 11.4%         |
| Club shares - at cost  |                   | 2,810,221         |                   | 2,812,642         | (2,421)             | -0.1%        | 8.9%              | 11.0%         |
| Investments in and advances to associates - net                  |                   | 978,016           |                   | 1,883,059         | (905,043)           | -48.1%       | 3.1%              | 7.4%          |
| Available-for-sale financial assets                              |                   | 1,773,793         |                   | 28,619            | 1,745,174           | 6098.0%      | 5.6%              | 0.1%          |
| Held-to-maturity Investments                                     |                   | 750,000           |                   | 750,000           | -                   | 0.0%         | 2.4%              | 2.9%          |
| Advances to related parties - net                                |                   | 11,587            |                   | 482,469           | (470,882)           | -97.6%       | 0.0%              | 1.9%          |
| Investment properties  |                   | 2,958,707         |                   | 5,584,824         | (2,626,117)         | -47.0%       | 9.4%              | 21.9%         |
| Property and equipment   |                   | 176,014           |                   | 160,283           | 15,731              | 9.8%         | 0.6%              | 0.6%          |
| Intangible assets  |                   | 5,261,186         |                   | 5,261,186         | -                   | 0.0%         | 16.7%             | 20.7%         |
| Escrow fund  |                   | -                 |                   | 2,064,450         | (2,064,450)         | -100.0%      | 0.0%              | 8.1%          |
| Pension asset  |                   | 12,515            |                   | 1,643             | 10,872              | 661.7%       | 0.0%              | 0.0%          |
| Other assets   |                   | 1,096,138         |                   | 758,284           | 337,854             | 44.6%        | 3.5%              | 3.0%          |
| <b>Total Assets</b>  | <b>P</b>          | <b>31,553,848</b> | <b>P</b>          | <b>25,462,442</b> | <b>6,091,406</b>    | <b>23.9%</b> | <b>100.0%</b>     | <b>100.0%</b> |
| <b>LIABILITIES AND EQUITY</b>                                    |                   |                   |                   |                   |                     |              |                   |               |
| <b>Liabilities</b>   |                   |                   |                   |                   |                     |              |                   |               |
| Loans payable  | P                 | 200,466           | P                 | 2,081,714         | (1,881,248)         | 90.4%        | 0.6%              | 8.2%          |
| Accounts payable and other liabilities                           |                   | 2,469,852         |                   | 1,869,808         | 600,044             | 32.1%        | 7.8%              | 7.3%          |
| Income tax payable   |                   | -                 |                   | 416               | (416)               | -100.0%      | 0.0%              | 0.0%          |
| Assignment of receivables with recourse                          |                   | 89,549            |                   | -                 | 89,549              | 100.0%       | 0.3%              | 0.0%          |
| Deferred tax liabilities - net                                   |                   | 836,530           |                   | 167,944           | 668,586             | 398.1%       | 2.7%              | 0.7%          |
| Long-term debt   |                   | 1,502,800         |                   | 4,719,165         | (3,216,365)         | -68.2%       | 4.8%              | 18.5%         |
| Estimated liability on construction costs                        |                   | 2,247,567         |                   | -                 | 2,247,567           | 100.0%       | 7.1%              | 0.0%          |
| Nontrade liability   |                   | 4,000,000         |                   | -                 | 4,000,000           | 100.0%       | 12.7%             | 0.0%          |
| <b>Total Liabilities</b>   |                   | <b>11,346,764</b> |                   | <b>8,839,047</b>  | <b>2,507,717</b>    | <b>28.4%</b> | <b>36.0%</b>      | <b>34.7%</b>  |
| <b>Equity</b>  |                   |                   |                   |                   |                     |              |                   |               |
| Attributable to equity holders of the parent:                    |                   |                   |                   |                   |                     |              |                   |               |
| Preferred stock  |                   | 1,000,000         |                   | 1,000,000         | -                   | 0.0%         | 3.2%              | 3.9%          |
| Common stock   |                   | 10,559,383        |                   | 10,559,383        | -                   | 0.0%         | 33.5%             | 41.5%         |
| Additional paid-in capital                                       |                   | 5,503,731         |                   | 5,503,731         | -                   | 0.0%         | 17.4%             | 21.6%         |
| Equity share in cost of Parent Company shares held by associates |                   | (2,501)           |                   | (731,696)         | 729,195             | -99.7%       | 0.0%              | -2.9%         |
| Cost of Parent Company shares held by subsidiaries               |                   | (2,257,631)       |                   | (562,375)         | 1,695,256           | -301.4%      | -7.2%             | -2.2%         |
| Unrealized gain on available-for-sale financial assets - net     |                   | (190,785)         |                   | 14,868            | (205,653)           | -1383.2%     | -0.6%             | 0.1%          |
| Other reserves   |                   | 21,386            |                   | (1,225)           | 22,611              | -1845.8%     | 0.1%              | 0.0%          |
| Excess of net asset value of an investment over cost             |                   | 252,040           |                   | -                 | 252,040             | 0.0%         | 0.8%              | 0.0%          |
| Retained Earnings  |                   | 4,533,666         |                   | 893,813           | 3,639,853           | 407.2%       | 14.4%             | 3.5%          |
| <b>Total Equity Attributable to Equity Holders of the Parent</b> |                   | <b>19,419,289</b> |                   | <b>16,676,499</b> | <b>2,742,790</b>    | <b>16.4%</b> | <b>61.5%</b>      | <b>65.5%</b>  |
| Non-Controlling Interests  |                   | 787,795           |                   | (53,104)          | 840,899             | -1583.5%     | 2.5%              | -0.2%         |
| <b>Total Equity</b>  |                   | <b>20,207,084</b> |                   | <b>16,623,395</b> | <b>3,583,689</b>    | <b>21.6%</b> | <b>64.0%</b>      | <b>65.3%</b>  |
| <b>Total Liabilities and Equity</b>                              | <b>P</b>          | <b>31,553,848</b> | <b>P</b>          | <b>25,462,442</b> | <b>6,091,406</b>    | <b>23.9%</b> | <b>100.0%</b>     | <b>100.0%</b> |

## **ASSETS**

Total assets of the Company increased by ₱6,091.4 million (24%), to ₱31,553.8 million as of December 31, 2013, from ₱25,462.4 million as of December 31, 2012.

### **Cash and cash equivalents**

Cash and cash equivalents decreased by ₱249.3 million (18%), to ₱1,170.4 million in 2013 from ₱1,419.7 million in 2012, mainly due to the following: (i) expenditures for the construction of City of Dreams Manila amounting ₱2,214.9 million; (ii) loan principal repayments of ₱3,668.5 million; and (iii) payments to ABLGI amounting to ₱283.5 million. The decreases in the cash and cash equivalents were offset by the following cash receipts: (i) ₱4,000.0 million ABLGI Advance (recorded under Nontrade Liability) and (ii) termination of the escrow fund amounting to ₱2,064.5 million.

### **Finance Lease Receivables**

Due to the requirements under PAS 17, management has accounted for its lease agreement with Melco Crown for the City of Dreams Manila building as a finance lease even though there is neither a stipulation nor any intention to transfer title therefor to Melco Crown. The Company thus recorded a finance lease receivable equivalent to the fair value of the leased property, amounting to ₱9,375.0 million (fair valuation was determined by discounting the minimum lease payments at the inception date of the lease agreement).

### **Receivables**

Receivables decreased by ₱142.2 million (11%), to ₱1,210.8 million as of December 31, 2013 from ₱1,353.0 million as of December 31, 2012. The decrease was mainly due to net liquidations of receivables on real estate sold.

### **Real estate for sale and Club shares**

Real estate for sale increased by ₱690.9 million (24%), to ₱3,592.3 million as of December 31, 2013 from ₱2,901.3 million as of December 31, 2012, due mainly to the transfer of Tagaytay land from The Country Club at Tagaytay Highlands, Inc. (TCCATH) and Tagaytay Highlands International Golf Club, Inc. (THIGCI) in the aggregate value of ₱529.7 million as payment for long-outstanding advances.

Club shares held by the Company, valued at the lower of historical cost or market, decreased by ₱2.4 million (0.1%), to ₱2,810.2 million as of December 31, 2013 from ₱2,812.6 million as of December 31, 2012 due to sales thereof.

### **Investments in and advances to associates**

Investments and advances decreased by ₱912.7 million (49%), to ₱970.3 million as of December 31, 2013 from ₱1,883.1 million as of December 31, 2012. In August 2013, Highlands Prime Inc. ("Highlands Prime") shares of common stock, amounting to ₱819.4 million, were swapped for SM Prime Holdings, Inc. ("SMPH") shares of common stock at an exchange rate ratio of 0.135. The Company thereby acquired 109 million shares of SMPH, in exchange for its 809 million shares of Highlands Prime. The investment in SMPH shares has been classified under "Available-for-sale financial assets".

### **Available-for-sale financial assets**

Available-for-sale financial assets increased by ₱1,745.2 million (6,098%) to ₱1,773.8 million as of December 31, 2013 from ₱28.6 million as of December 31, 2012, due mainly to the swap of HPI shares of common stock to SMPH shares. The Company recorded an investment in SMPH shares amounting to ₱1,776.0 million as a result of the swap. The increase was partially offset by the decrease in the

market value of SMPH shares amounting to ₱173.7 million, based on the closing price of SMPH of ₱14.66 per share as of the end of 2013.

#### **Investment properties**

Investment properties decreased by ₱2,626.1 million (47%), from ₱5,584.8 million as of December 31, 2012 to ₱2,958.7 million as of December 31, 2013, due to the derecognition of the construction costs on the City of Dreams Manila Project as a result of the finance lease accounting treatment of the lease contract with MCE, as required under PAS 17. However, it should be noted that Belle intends to retain legal ownership of the property, irrespective of the accounting treatment required under PAS 17.

#### **Escrow Fund**

The Company's US\$57.5 million Escrow Deposit, maintained for its PAGCOR license, was terminated in May 2013, as MCE put up its own Escrow Deposit to replace it.

#### **Advances to related parties**

Advances to related parties decreased by ₱470.9 million (98%) to ₱11.6 million as of December 31, 2013 from ₱482.5 million as of December 31, 2012, due mainly to the transfer of land from TCCATH and THIGCI amounting to ₱97.5 million and ₱432.2 million, respectively, as payment for advances.

#### **Other assets**

Other assets increased by ₱337.9 million (45%) to ₱1,096.1 million as of December 31, 2013 from ₱758.3 million as of December 31, 2012, due mainly to an increase in advances to contractors in 2013 for the City of Dreams Manila project, amounting to ₱323.0 million and input VAT amounting to ₱115.6 million.

#### **LIABILITIES**

Total liabilities increased by ₱2,507.7 million (29%) to ₱11,346.8 million as of December 31, 2013, from ₱8,839.0 million as of December 31, 2012, due to an increase in accounts payable and other liabilities and the recognition of estimated liability on construction costs under PAS 17.

#### **Loans payable and Long-term debt**

Total debt amounting to ₱5,792.8 million as of December 31, 2013 is comprised of: Peso loans from various local financial institutions, with average interest at 4.25% per annum, amounting to ₱200.5 million; advances from ABLGI amounting to ₱4,000.0 million (recorded under "Nontrade Liability"); FRNs with a Peso equivalent amounting to ₱977.2 million; Peso long-term debt incurred for the City of Dreams Manila Project of ₱499.8 million; and Assignment of receivables with recourse amounting to ₱89.5 million. The FRNs have a principal amount of US\$22 million due on May 10, 2014 and carry interest at a floating rate of 2% per annum above the six-month LIBOR rate.

Total debt decreased by ₱1,097.7 million (16%), from ₱6,800.9 million as of December 31, 2012 to ₱5,703.2 million as of December 31, 2013, due mainly to bank loan repayments totalling ₱3,668.5 million, which was offset by a loan from ABLGI amounting to ₱4,000.0 million in 2013.

#### **Accounts payable and other liabilities**

Accounts payable and other liabilities increased by ₱600.0 million (32%), to ₱2,469.9 million as of December 31, 2013 compared to ₱1,869.8 million as of December 31, 2012. Comprising accounts payable and other liabilities are principally trade payables of ₱1,185.8 million, advances from related parties of ₱77.6 million, accrued expenses of ₱562.9 million, non-trade payables of ₱640.3 million and customers' deposits of ₱25.9 million.

### Estimated liability for constructions costs

The Company recorded an estimated liability for constructions costs for the Phase 1 of City of Dreams Manila in March 2013 amounting to ₱2,247.6 million as a result of the accounting of its lease agreement with MCE as a finance lease, as required under PAS 17. Phase 1 comprises approximately 17 hectares out of a total of 30 hectares of planned building gross floor area for City of Dreams Manila.

### Deferred tax liabilities

Deferred tax liabilities increased by ₱668.6 million (398.1%) to ₱836.5 million as of December 31, 2013 from

₱167.9 million as of December 31, 2012. The increase was mainly due to the deferred tax of ₱697.3 million on the Day 1 Gain.

### EQUITY

The Company's shareholders' equity as of December 31, 2013 of ₱20,207.1 million was higher by ₱3,583.7 million (21%), compared to the year-end 2012 level of ₱16,623.4 million, due mainly to the consolidated net income recorded in 2013. The Company thus attained consolidated retained earnings of ₱4,533.7 million as of December 31, 2013, compared to consolidated retained earnings of ₱893.8 million as of December 31, 2012. Of the Company's retained earnings at year-end 2013, approximately ₱417.7 million is estimated to be allowable for dividend declarations, inasmuch as accounting income arising from the Day 1 Gain, the Swap Gain and PAS 17 finance lease interest income are not considered eligible and/or appropriate for immediate dividend declarations.

Below are the comparative key performance indicators of the Company and its subsidiaries:

|                              | The manner by which the Company calculates the performance indicators                                  | <u>31 Dec 2013</u>  | <u>31 Dec 2012</u> |
|------------------------------|--|---------------------|--------------------|
| Asset-to-equity ratio        | <u>Total assets</u><br>Total Equity  | <b>1.56 : 1.00</b>  | 1.53 : 1.00        |
| Current or Liquidity Ratio   | <u>Current assets</u><br>Current Liabilities   | <b>1.88 : 1.00</b>  | 2.46:1.00          |
| Debt-to-equity ratio         | <u>Interest-bearing debt</u><br>Equity   | <b>0.29 : 1.00</b>  | 0.41 : 1.00        |
| Net debt-to-equity ratio     | <u>Interest-bearing debt less cash and cash equivalents, HTM investments and escrow fund</u><br>Equity | <b>0.19 : 1.00</b>  | 0.32 : 1.00        |
| Interest rate coverage ratio | <u>Earnings Before Interest and Taxes</u><br>Interest Expense  | <b>17.39 : 1.00</b> | 6.57 : 1.00        |
| Return on assets             | <u>Net income</u><br>Average Total Assets during the period  | <b>12.8%</b>        | 2.3%               |
| Return on equity             | <u>Net income</u><br>Average Equity during the period  | <b>5.5%</b>         | 3.4%               |

The Company does not foresee any cash flow or liquidity problems over the next twelve (12) months. Of the ₱5,792.8 million in Company's loans payable as of 31 December 2013, ₱200.5 million are comprised of short-term bank borrowings that have historically been mostly renewed or rolled-over, with Belle paying only the interest. The balance of ₱4,000.0 million comprises a loan from ABLGI, which has a final maturity on or about 2024. Belle anticipates increases in its cash flow during 2014 arising from

the turnover of Phase 2 of City of Dreams Manila to MCE, and the opening of City of Dreams Manila. Moreover, Belle also has a number of revenue-generating real estate projects in the pipeline to further enhance cash flow in the future. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of 31 December 2013, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- (i) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- (ii) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- (iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- (iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

Under the Provisional License granted to PLAI, the parties in Consortium (PLAI, Belle and MCE Leisure) are committed to invest a minimum of US \$1 billion ("Investment Commitment") into the Project. Under the PAGCOR Guidelines, of the US\$1.0 billion, US\$650.0 million shall be invested upon the opening of the integrated resort and the other US\$350.0 million shall be invested within a period of three (3) years from the commencement of the integrated resort operations. The Investment Commitment shall be composed of the value of the land (a maximum of up to \$150 million) and the development costs of the infrastructures and facilities within the Project. The integrated resort is expected to open in the 4th quarter of 2014. As agreed in the Cooperation Agreement between Belle, PLAI and MCE Leisure, the \$650 million investment commitment will be shared 50-50 between Belle and MCE Leisure. As of December 31, 2013, Belle has a total investment of \$281.9 million of the \$325.0 million share in the investment commitment with PAGCOR. Belle funded, and will fund its required capital expenditures from the cash proceeds raised from the September 2011 stock rights offering and loans.

- (v) Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- (vi) Any Significant Elements of Income or Loss (from continuing operations)  
Refer to Management Discussion and Analysis Operating Performance and Financial Condition.
- (vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%).  
Refer to Management Discussion and Analysis Operating Performance and Financial Condition.
- (viii) Seasonal Aspects that has Material Effect on the financial statements

## 2015 Plan of Operations

Since 1989, Belle has launched a total of nineteen (19) real estate projects, two (2) golf clubs and one (1) country club, with total gross land area of approximately six hundred (600) hectares in Tagaytay City and Batangas. Residential projects in Tagaytay City include Pinecrest Village, The Villas, The Belle View, and The Woodlands. Residential projects in Batangas comprise the Midlands and Greenlands development areas. Among the Midlands residential projects are Alta Mira, Lakeview Heights, and Lakeside Fairways; among the Greenlands residential projects are Plantation Hills, The Verandas at Saratoga Hills, The Parks at Saratoga Hills, Fairfield, and Nob Hill. Belle shall continue to strive for being the high-end real estate gem in Asia by its holistic approach of developing eco-friendly properties.

Lakeside Fairways was introduced by Belle in April 2007. This project consists of subdivision lots adjacent to twenty-seven (27) holes of the Tagaytay Midlands golf course in Talisay, Batangas. In August 2009, Belle launched Fairfield in Tanauan, Batangas. Fairfield, located adjacent to The Verandas, was 100% complete as of 31 December 2012. In April 2010, Nob Hill was launched, and was 94% complete as of 31 December 2014. As of 31 December 2012, the first four (4) Lakeside Fairways (Kew Gardens, Terrazas de Alava, Lakeside Enclave and Tivoli Place) averaged a completion rate of 99%. The fifth and sixth subdivisions inside Lakeside Fairways (Cotswold and Katsura, respectively) were both 99% complete as of 31 December 2014. The construction of the third nine (9) holes for the Tagaytay Midlands golf course also commenced during the first half of 2008. In April 2010, Belle launched Yume, a new Japanese-themed subdivision in the Lakeside Fairways development area, which was 99% complete as of 31 December 2014. In April 2011, Belle launched its newest subdivision within Lakeside Fairways, Sycamore Heights, with more than twenty-six (26) hectares in gross land area, comprising three hundred thirty six (336) residential lots averaging three hundred fifty two (352) sqm. per lot, which was 62% complete as of 31 December 2014.

As of 31 December 2014, construction on the first seven (7) phases of Lakeside Fairways and on the third nine (9) holes of the Tagaytay Midlands golf course were on-going, and are expected to attain 100% completion in 2015. Construction of its newest project, Sycamore Heights, shall be developed continuously towards a targeted project completion by 2015.

For the gaming side, construction of the Company's integrated resort at the entrance of PAGCOR's Entertainment City, was virtually complete as of 31 December 2014. The site of the integrated resort is on 6.2 hectares of prime land at the corner of Roxas Boulevard and Aseana Avenue in Parañaque City, and it is about one (1) kilometer away from the Mall of Asia complex. In response to PAGCOR's requirement to all gaming license holders of an Investment Commitment of US\$1.0 billion, Belle launched a Stock Rights Offering ("SRO") in September 2011. Through the SRO, Belle was able to successfully raise a total of P4.5 billion despite the volatile market environment at the time. All proceeds from the SRO were used to finance the construction of the integrated resort.

On 25 October 2012, Belle and PLAI signed a Cooperation Agreement with MCE for the development and operation of the integrated resort. The Cooperation Agreement places Belle as the licensee and owner of the resort's land and buildings, while MCE will be the developer and operator of all facilities within the resort complex through its Philippine subsidiary, Melco Crown (Philippines) Resorts Corporation ("MCP"). MCE is the developer and owner of integrated resort facilities historically focused on the Macau market. Its highly successful "City of Dreams" integrated resort complex on Macau's Cotai Strip houses a gaming facility, a Crown hotel, a Grand Hyatt hotel, a Hard Rock hotel, and an upscale retail operation, along with a mix of bars and restaurants that draw large crowds from Hong Kong and China. MCE is building its second integrated resort in Macau, to be called "Studio City". On 9 October 2013, MCP announced the use of the name of MCE's flagship Macau resort to brand the integrated resort as "City of Dreams Manila", and later announced Crown Towers, Hyatt and Nobu as the hotel brands to be used for the resort's more than 900 hotel rooms. City of Dreams Manila has approximately 30 hectares of gross floor area, and will house more than two (2) hectares of gaming space, more than two (2) hectares of retail and restaurant facilities, more than nine hundred (900) high-quality hotel rooms and various entertainment facilities. It is currently allowed to operate approximately three hundred sixty-five (365) gaming tables, one thousand six hundred and eighty (1,680) slot machines and one thousand



six hundred and eighty (1,680) electronic table games upon opening. MCE estimated spending approximately US\$800 million in development costs up to the time of opening. The soft opening of City of Dreams Manila took place on December 14, 2014 and the Grand Launch took place on February 2, 2015. Belle and MCE have already satisfied the full US\$1 billion Investment Commitment, and have fulfilled all other PAGCOR Guidelines.

Existing investments will continue to be managed at Belle's listed gaming subsidiaries, PLC and POSC. PLC, which is 78.7%-owned by Belle as of December 31, 2014, owns 100% of the capital stock of PLAI, which PLC acquired from Belle during the third quarter of 2014. PLAI is a co-licensee with Belle and MCP under the PAGCOR license for City of Dreams Manila, and is entitled to a share of gaming earnings therefrom through an Operating Agreement with MCE. POSC, in which the combined ownership of Belle and PLC total 50.1% of issued shares as of 31 December 2014, leases online equipment to the Philippine Charity Sweepstakes Office for its lottery operations.

## ANNEX TO MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) SECTION

### **Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of obligation**

None. The Company does not foresee any events that may trigger material financial obligation to the Company, including default or acceleration of an obligation.

### **All material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period**

None. There were no material off-balance sheet transactions, arrangement, obligations, and other relationships of the Company with unconsolidated entities or other persons that the Company is aware of during the reporting period.

## FINANCIAL STATEMENTS

The consolidated Financial Statements and Supplementary Schedules as of and for the year ended 31 December 2014 listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Information Statement. Supplementary information are as follows:

- 1) Supplementary Schedules
  - A. Financial Assets
  - B. Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (other than related parties)
  - C. Amounts Receivable from related parties which are eliminated during consolidation of financial statements
  - B. Intangible Assets - Other Assets
  - C. Long-Term Debt
  - D. Indebtedness to Related Parties
  - E. Guarantees of Securities of Other Issuers
  - F. Capital Stock
  - G. Reconciliation of Retained Earnings Available for Dividend Declaration
  - H. Key Financial Ratios
- 2) Schedule of all the effective standards and interpretations
- 3) Map of the relationships of the companies within the group

## MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### Market Information

The principal market where the registrant's common equity is traded is the Philippine Stock Exchange ("PSE").

The high and low sales prices for each quarter within the last two (2) fiscal years of the registrant's common shares, as quoted on the PSE, are as follows:

| Stock Prices   |      |      |
|----------------|------|------|
|                | High | Low  |
| <b>2014</b>    |      |      |
| First Quarter  | 5.77 | 5.16 |
| Second Quarter | 6.15 | 4.41 |
| Third Quarter  | 5.47 | 4.85 |
| Fourth Quarter | 5.24 | 4.72 |
| <b>2013</b>    |      |      |
| First Quarter  | 5.70 | 5.54 |
| Second Quarter | 5.22 | 5.04 |
| Third Quarter  | 5.09 | 4.85 |
| Fourth Quarter | 5.02 | 4.92 |

As of December 31, 2014, Belle's market capitalization amounted to P51.6 billion based on the closing price of P4.89 per share. Belle's market capitalization as of February 24, 2015 amounted to P46.7 billion based on the closing price of P4.42 per share.

### Security Holders

Belle has 1,855 shareholders as of December 31, 2014. Common shares outstanding as of December 31, 2014 totaled 10,559,382,799. The top 20 stockholders as of December 31, 2014, with their corresponding shareholdings and percentage thereof to total shares outstanding, are:

| RANK | NAME                                   | No. of Shares Held | % to Total |
|------|--|--------------------|------------|
| 1    | BELLESHARES HOLDINGS, INC.             | 2,604,740,622      | 24.668     |
| 2    | PCD NOMINEE CORPORATION (NON-FILIPINO) | 2,141,552,537      | 20.281     |
| 3    | PCD NOMINEE CORPORATION (FILIPINO)     | 1,930,075,870      | 18.278     |
| 4    | SYSMART CORPORATION                    | 1,629,353,802      | 15.430     |
| 5    | SM DEVELOPMENT CORPORATION             | 695,068,560        | 6.582      |
| 6    | SYBASE EQUITY INVESTMENTS CORPORATION  | 531,320,577        | 5.032      |
| 7    | SOCIAL SECURITY SYSTEM                 | 370,469,140        | 3.508      |
| 8    | EASTERN SEC. DEVT. CORP.               | 191,733,866        | 1.816      |
| 9    | JACINTO C. JR. NG                      | 135,860,666        | 1.287      |
| 10   | PREMIUM LEISURE CORP.                  | 99,987,719         | 0.947      |
| 11   | JACINTO L. SR. NG                      | 88,835,833         | 0.841      |
| 12   | JACINTO JR. NG &/OR ANITA C. NG        | 18,293,333         | 0.173      |
| 13   | WILLY N. OCIER                         | 10,746,372         | 0.102      |
| 14   | BENITO TAN GUAT                        | 10,020,000         | 0.095      |
| 15   | LIM SIEW KIM                           | 6,200,000          | 0.059      |
| 16   | F. YAP SEC., INC. – PH                 | 5,635,000          | 0.053      |
| 17   | JAMES GO                               | 4,816,999          | 0.046      |

| <b>RANK</b> | <b>NAME</b>          | <b>No. of Shares Held</b> | <b>% to Total</b> |
|-------------|----------------------|---------------------------|-------------------|
| 18          | WILLIAM T. GABALDON  | 4,000,000                 | 0.038             |
| 19          | TDG RETIREMENT FUND  | 2,536,800                 | 0.024             |
| 20          | CROWNSTONE RESOURCES | 2,240,000                 | 0.021             |

### **Dividends**

In April 28, 2014, the Company's Board of Directors ("BOD") approved the declaration of cash dividends of Two Centavos (₱0.02.) per share. The record date to determine the shareholders entitled to receive the cash dividends was set on May 13, 2014 with the payment made on June 2, 2014.

On January 27, 2015, the Company's BOD approved the declaration of a special dividend of Eighteen Centavos (₱0.18) per share, payable on March 9, 2015 to stockholders of record as of February 10, 2015.

No dividends on common stock were declared in 2013.

There is no legal restriction that limits or would likely limit Belle's ability to pay dividends, aside from its retained earnings available for such.

### **Recent Sales of Unregistered Securities**

The Company did not sell or issue securities within the past three (3) years that were not registered under the Securities Regulation Code.

Pursuant to the stock rights offering conducted on September 2011, the Company offered for subscription One Billion Five Hundred Eight Million Four Hundred Eighty-Three Thousand Two Hundred Fifty-Seven (1,508,483,257) common shares out of its authorized but unissued capital stock to qualified shareholders of record as of 2 September 2011 at an exchange ratio of one (1) offer share for every six (6) common shares held by qualified shareholders of record. The offer price was Three Pesos (₱3.00) per share. Exemption from registration has been claimed under Section 10.1(e) of the Securities Regulation Code, being a sale by the Company of its common shares to its own stockholders exclusively, and no commission or other remuneration was paid in connection with such sale of common shares.

## **DIRECTORS AND EXECUTIVE OFFICERS**

Please refer to the portion of this Information Statement on "Directors and Executive Officers"

## **COMPLIANCE WITH THE MANUAL OF CORPORATE GOVERNANCE**

The Company remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

In compliance with the initiative of the Securities and Exchange Commission ("SEC"), Belle submitted its Corporate Governance Manual (the "Manual") to the SEC. Even prior to the submission of its Manual, however, the Company already created various Board-level committees. These committees were comprised of an Executive Committee, a Nomination Committee for the selection and evaluation of qualifications of directors and officers, a Compensation and Remuneration Committee to look into an appropriate remuneration system, and an Audit Committee to review financial and accounting matters. A Compliance Officer was also appointed. Members of various committees are expected to serve for a term of one (1) year. The Company submits its Corporate Governance Self-Rating reports to the SEC and PSE as proof of its compliance with the leading practices and principles on good corporate governance.

The Board establishes the major goals, policies and objectives of the Company, as well as the means to monitor and evaluate the performance of Management. The Board also ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

The Company is not aware of any non-compliance with its Manual of Corporate Governance, by any of its officers or employees.

**UNDERTAKING TO PROVIDE PRINTED COPIES OF THE  
INFORMATION STATEMENT AND ANNUAL REPORT**

**UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S INFORMATION STATEMENT (ON SEC FORM 20-IS) AND ANNUAL REPORT (ON SEC FORM 17-A) WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:**

**THE CORPORATE SECRETARY  
BELLE CORPORATION  
5<sup>th</sup> FLOOR TOWER A, TWO E-COM CENTER  
PALM COAST AVENUE, MALL OF ASIA COMPLEX  
CBP-1, PASAY CITY 1300, PHILIPPINES**

**Belle Corporation and Subsidiaries**  
**Index to Supplementary Schedules**  
**Form 17-A, Item 7**  
**As at December 31, 2014**

**Supplementary Schedules**

A. Financial Assets

B. Amounts of receivables from Directors, Officers, Employees and Principal Stockholders  
(other than related parties)

C. Amounts of Receivables from Related Parties which are Eliminated during the Consolidation of Financial  
Statements.

D. Intangible Assets - Other Assets

E. Long-term Debt

F. Indebtedness to Related Parties

G. Guarantees of Securities of Other Issuers

H. Capital Stock

I. Reconciliation of Retained Earnings Available for Dividend Declaration

J. Key Financial Ratios

Belle Corporation and Subsidiaries  
 Schedule A - Financial Assets  
 As at December 31, 2014  
 (Amounts in Thousands)

|                                    | Name of Issuing Entity and Association of each use | Amount shown in the Balance Sheet | Income received and accrued |
|------------------------------------|--|-----------------------------------|-----------------------------|
| <b>Loans and Receivables</b>       |  |                                   |                             |
| Cash in banks and cash equivalents | N/A  | 6,326,509                         | 1,671                       |
| Trade receivables                  | N/A  | 1,431,947                         | 24,468                      |
| Other receivables                  | N/A  | 145,639                           | -                           |
| Advances to associates             | N/A  | 29,576                            | -                           |
| Advances to related parties        | N/A  | 21,878                            | -                           |
|                                    |  | 7,955,549                         | 26,139                      |
| <b>AFS Investments</b>             |  |                                   |                             |
| Equity Investments                 | SM Prime Holdings                                  | 1,858,641                         | -                           |
| Equity Investments                 | SM Investments Corporation                         | 21,076                            | -                           |
| Equity Investments                 | Highland Gourmet                                   | 2,000                             | -                           |
| Equity Investments                 | The Country Club at Tagaytay Highlands             | 1,890                             | -                           |
| Equity Investments                 | Costa Del Hamilo                                   | 757                               | -                           |
| Equity Investments                 | PLDT   | 13                                | -                           |
| Equity Investments                 | Others   | 3,012                             | -                           |
|                                    |  | 1,887,379                         | -                           |
| <b>HTM Investments</b>             |  |                                   |                             |
| Debt Investments                   | SM Investment Corporation                          | -                                 | -                           |
|                                    |  | 9,842,928                         | 26,139                      |
| <b>Total Financial Assets</b>      |  |                                   |                             |



Belle Corporation and Subsidiaries  
 Schedule B - Amounts of Receivables from Directors, Officers, Employees and Principal Stockholders  
 As at December 31, 2014  
 (Amounts in Thousands)

| Name and Designation of the Debtor | Balance at the Beginning of the Year | Additions    | Amounts Collected | Amounts Provided with Allowance | Amounts Written Off | Current      | Not Current | Balance at the end of the period |
|------------------------------------|--------------------------------------|--------------|-------------------|---------------------------------|---------------------|--------------|-------------|----------------------------------|
| Principal stockholder              | 31,891                               | -            | (31,896)          | -                               | -                   | \$ -         | -           | 5                                |
| Employees                          | 2,042                                | 4,511        | -                 | -                               | -                   | 2,469        | -           | 2,469                            |
| Officers                           | 3,064                                | -            | (1,828)           | -                               | -                   | 1,236        | -           | 1,236                            |
| Directors                          | 450                                  | -            | -                 | -                               | -                   | -            | 450         | 450                              |
|                                    | <u>37,447</u>                        | <u>4,511</u> | <u>(33,714)</u>   | <u>-</u>                        | <u>-</u>            | <u>3,710</u> | <u>450</u>  | <u>4,160</u>                     |

Belle Corporation and Subsidiaries  
 Schedule C. Amounts of Receivables from Related Parties  
 As at December 31, 2014  
 (Amounts in Thousands)

| Name of Subsidiary                  | Balance at January 3, 2014 | Additions | Amounts Collected | Amounts Provided with Allowance | Reclassification | Current | Not current | Balance at December 31, 2014 | Amount Eliminated |
|-------------------------------------|----------------------------|-----------|-------------------|---------------------------------|------------------|---------|-------------|------------------------------|-------------------|
| Belle Bay Plaza Corporation         | 763                        | -         | -                 | -                               | -                | 763     | -           | 763                          | 763               |
| Belle Grande Resource Holdings Inc. | 15,682                     | 6,576     | -                 | -                               | -                | 22,258  | -           | 22,258                       | 22,258            |
| Premium Leisure Corporation         | 179,011                    | -         | (174,014)         | -                               | -                | 4,997   | -           | 4,997                        | 4,997             |
| SLW Development Corp.               | 410,208                    | -         | (311,475)         | -                               | -                | 98,733  | -           | 98,733                       | 98,733            |
| Parallax Resources, Inc.            | 705,881                    | -         | (705,881)         | -                               | -                | -       | -           | -                            | -                 |
|                                     | 1,311,545                  | 6,576     | (1,191,370)       | -                               | -                | 126,751 | -           | 126,751                      | 126,751           |

**Belle Corporation and Subsidiaries**  
**Schedule D. Intangible Assets**  
**As at December 31, 2014**  
*(Amounts in Thousands)*

| Description                            | Beginning Balance | Additions at Cost | Charged to cost and expenses | Charged to other Accounts | Other Changes and Additions | Ending Balance |
|--|-------------------|-------------------|------------------------------|---------------------------|-----------------------------|----------------|
| License - Casino                       | 5,261,186         | -                 | -                            | -                         | -                           | 5,261,186      |
| Goodwill - Acquisition of Subsidiaries | -                 | -                 | -                            | -                         | 1,828,578                   | 1,828,578      |
|  | 5,261,186.00      | -                 | -                            | -                         | 1,828,578.00                | 7,089,764.00   |

Belle Corporation and Subsidiaries  
 Schedule E. Long Term Debt  
 As at December 31, 2014  
 (Amounts in Thousands)

| Title of Issue and Type of Obligation    | Amount Authorized by Indenture |              | Balance at December 31, 2014 |              | Current Portion of Long Term Debt |            | Non Current Portion of Long Term Debt |              | Interest Rate | Amount and Number of Periodic Payments |                 |                          | Maturity Date     |
|--|--------------------------------|--------------|------------------------------|--------------|-----------------------------------|------------|---------------------------------------|--------------|---------------|--|-----------------|--------------------------|-------------------|
|  | (in Original Currency)         | (in PhP)     | (in Original Currency)       | (in PhP)     | (in Original Currency)            | (in PhP)   | (in Original Currency)                | (in PhP)     |               | (in Original Currency)                 | (Approx in PhP) | Periodic Payments        |                   |
| Montrade Liability<br>Advances from ABLG | Pho4,000,000                   | Php1,000,000 | Pho4,241,256                 | Php4,241,256 | Pho274,562                        | Php274,562 | Pho3,966,694                          | Php1,766,694 | 4.00% 6.00%   | Php220,000                             | Php220,000      | 151 monthly installments | December 31, 2025 |

**Belle Corporation and Subsidiaries**  
**Schedule F. Indebtedness to Related Parties**  
**As at December 31, 2014**

| Name of Related Parties | Balance at January<br>1, 2013 | Additions | Amounts Paid | Current | Not current | Balance at December<br>31, 2014 |
|-------------------------|-------------------------------|-----------|--------------|---------|-------------|---------------------------------|
| Banco de Oro            | 535,800                       |           | 535,800      | -       | -           | -                               |
|                         |                               |           |              |         |             |                                 |

**Belle Corporation and Subsidiaries**  
**Schedule G. Guarantees of Securities of Other Issuers**  
**As at December 31, 2014**  
*(Amounts in Thousands)*

| Name of Issuing Entity of Securities Guaranteed by the Company for which this statement is filed | Title of Issue of Each Class of Securities Guaranteed | Total Amount Guaranteed and Outstanding | Amount Owned by Person for which the Statement is Filed | Nature of Guarantee |
|--|---|---|---|---------------------|
| Not Applicable   |   |   |   |                     |

Belle Corporation and Subsidiaries  
H. Capital Stocks  
As at December 31, 2014

| Title of Issue                      | Number of Shares Authorized | Number of Shares Issued and Outstanding | Number of Shares Subscribed | Number of Shares reserved for stock rights | Number of Shares Held by Related Parties | Number of Shares held by Directors and Key Executive Officers | Others                  |
|-------------------------------------|-----------------------------|---|-----------------------------|--|--|---|-------------------------|
| Common Stocks<br>Percentage Held    | 14,000,000,000              | 10,559,382,799                          | -                           | -  | 5,711,244,685<br>54.09%                  | 1,930,015,816<br>1.51%  | 4,688,252,297<br>44.40% |
| Preferred Shares<br>Percentage Held | 6,000,000,000               | -                                       | -                           | -  | -  | -   | -                       |

Belle Corporation  
Reconciliation of Retained Earnings Available for Dividend Declaration  
As at December 31, 2014  
(Amounts in Thousands)

|   |             |                  |
|---|-------------|------------------|
| <b>Unappropriated Retained Earnings as at December 31, 2013</b>   |             | <b>417,747</b>   |
| <b>Net income based on the face of 2014 audited financial statements, as reported</b>                     |             | <b>6,590,557</b> |
| <b>Less: Non actual/unrealized income net of tax</b>  |             |                  |
| Finance lease adjustments   |             |                  |
| Interest income on finance lease receivable   | (1,409,173) |                  |
| Day 1 Loss on finance lease receivable  | 812,842     |                  |
| Actual cash receipts on finance lease   | 882,704     |                  |
| Depreciation of investment property under finance lease   | (150,635)   | 127,738          |
| Reversal of provision for probable losses   |             | (608,324)        |
| Accretion of nontrade liability   |             | 533,348          |
| Unrealized foreign exchange gain on short-term investments  |             | (103)            |
| Deferred tax on finance lease adjustments   |             | (5,027)          |
| Deferred tax on accretion of nontrade liability   |             | (72,377)         |
|   |             | (24,745)         |
| <b>Net income actually earned during the period, as adjusted</b>  |             | <b>6,565,812</b> |
| <b>Dividend declarations during the year</b>  |             | <b>(211,188)</b> |
| <b>Unappropriated retained earnings as adjusted to available for dividend declaration, at end of year</b> |             | <b>6,772,371</b> |



**Belle Corporation and Subsidiaries**  
**Schedule J. Key Financial Ratios**  
**As at December 31, 2014 and 2013**

|                              |  | 2014          | 2013         |
|------------------------------|--|---------------|--------------|
| Asset-to-equity ratio        | Total assets over stockholders equity  | 1.51 : 1.00   | 1.56 : 1.00  |
| Current or Liquidity Ratio   | Current assets over current liabilities  | 1.99 : 1.00   | 1.71 : 1.00  |
| Debt-to-equity ratio         | Interest-bearing debt over stockholders equity   | 0.17 : 1.00   | 0.29 : 1.00  |
| Net debt-to-equity ratio     | Interest-bearing debt less cash and cash equivalents, HTM investments and escrow fund over stockholders equity | (0.06) : 1.00 | 0.19 : 1.00  |
| Interest rate coverage ratio | Earnings Before Interest and Taxes over interest expense   | 13.68 : 1.00  | 17.39 : 1.00 |
| Return on assets             | Net income over average total assets during the period   | 7.0%          | 12.7%        |
| Return on equity             | Net income over average equity during the period   | 10.6%         | 19.7%        |



SUBSIDIARIES

AFFILIATES

