COVER SHEET

0	0	0	0	0	3	7	3	3	8

S. E. C. Registration Number

SAN MIGUEL

PROPERTIES, INC.

(Company's Full Name)

THIRD FLOOR, NO. 40

HOC BLDG. SAN MIGUEL

AVE. MANDALUYONG CITY

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

Atty. Karen Cas-Caballa	632-3282
Contact Person	Company Telephone Number

0 4	1 2	SEC Form 17-A (2020)	2nd Wednesday of 0 5	- -
Month	Day	FORM TYPE	Month	Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

- - - - - - - - - - - - - - - - - -

STAMPS

- - - - - - - - - - - - - - - - - -

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2020**

2. Commission identification number **37338** 3. BIR Tax Identification No. **000-133-166**

4. Exact name of issuer as specified in its charter **SAN MIGUEL PROPERTIES, INC.**

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

6. __________(SEC Use Only)
Industry Classification Code

7. **40 San Miguel Avenue**
Mandaluyong City
Address of principal office

1550
Postal Code

8. **(632) 632-3000**
Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 4 and 8 of the SRC.

Title of Each Class	Authorized (No. of Shares)	Issued (as of 31 December 2020)
Common Shares, P10 par value	**1,500,000,000**	**961,073,919**

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

Yes [ ] No [✓]
If yes, state the name of such stock exchange and the classes of securities listed therein:

12. Check whether the issuer:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

As of December 31, 2020, the aggregate market value of the voting stock held by non-affiliates is P10.4 Million, computed on the basis of the Company's Tender Offer price as of April 5, 2013 at P134.12 per share. The Company has been delisted from the Philippine Stock Exchange on May 2013.

14. DOCUMENTS INCORPORATED BY REFERENCE. None

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

San Miguel Properties Philippines, Inc. [SMPPI] was incorporated on December 18, 1990 as the corporate real estate arm of SMC. Monterey Farms Corporation (MFC), on the other hand, was incorporated on January 17, 1969. On 30 January 1998, the Securities and Exchange Commission approved the merger between SMPPI and MFC, with the latter as the surviving entity.

In view of the merger, SMPPI ceased to exist while MFC changed its corporate name to Monterey-San Miguel Properties, Inc. (M-SMPI) and its business nature to real estate development. The surviving company is net of its original meat operations which were spun-off to Monterey Foods Corporation.

The Board of Directors, in its meeting on April 6, 1998, has approved the change of the corporate name from Monterey-San Miguel Properties, Inc. (M-SMPI) to San Miguel Properties, Inc. ("SMPI" or the "Group") primarily engaged in the development, sale or lease of properties. The stockholders ratified the same resolution in its meeting on June 9, 1998. On July 14, 1998, the Securities and Exchange Commission (SEC) approved the said change of name. On December 9, 2002, the Group merged with another subsidiary, HOC Realty, Inc. ("HRI"), with the Group as the surviving entity.

Among the Group's significant subsidiaries and associates are:

(a) *SMPI Makati Flagship Realty Corp*., doing business under the trade name and style: Makati Diamond Residences (pursuant to the Amended Articles of Incorporation, dated November 3, 2015, reflecting therein the change of name of the company from SMPI-GSIS Joint Venture Corporation) that owns and operates a full service hotel apartment, located in Salcedo Village, Makati City;

(b) *Bright Ventures Realty, Inc.* with a completed high-end residential townhouse with a condominium concept of ownership in its property located in Addition Hills, San Juan City, featuring common amenities such as a clubhouse/party house, swimming pool, basement parking for all residents (thus, providing an unimpeded view of the community) and gym / kids playroom;

(c) *Carnell Realty, Inc.* with a completed residential townhouse project located in Lee St. Mandaluyong City called One Dover View Townhouse;

(d) *E-Fare Investments Holdings, Inc.* which is the owner and developer of an industrial estate and economic zone located within the Authority of the Freeport Area in Mariveles, Bataan;

(e) *La Belle Plume Realty, Inc.* which is the owner and developer of a tourism township project in Nabas, Aklan. It has been granted a conditional approval as Tourism Enterprise Zone (TEZ) operator by the Tourism Infrastructure and Enterprise Zone Authority (TIEZA);

(f) *Moonspring Development, Inc.* which shall own and operate a 373-room hotel in Nabas, Aklan. This shall be one of the many locators that will operate within the TEZ;

(g) *Newscapes Haven Development, Inc.* shall undertake the construction of a themed destination water park and adventure park that would serve as the main activity generator within the TEZ;

(h) *Malay Nabas Realty Development, Inc.* which shall be the owner and developer of a 250-room transit u hotel to be operated likewise by an international hotel brand. This shall also be treated as among the locators and a RTE with TIEZA, situated in the tourism enterprise zone;

(i) *Caticlanscapes Realty Development, Inc.* which shall be the owner of a transit hotel housing the airport and crew of the Boracay International Airport as well as the employees of the various hotel developments within the ecozone/township. It will offer budget hotel rooms to backpackers and budget seeker market of Boracay and the tourism enterprise zone;

(j) *Bank of Commerce ("BOC")*, which has been serving the Philippine banking community for over 40 years, and in which the Group owns 39.93% of its total and outstanding shares of stock as of December 31, 2020; and

(k) *Excel Unified Land Resources Corporation*, incorporated in 1995 which developed a high-end residential subdivision in Silang, Cavite. This is as a joint venture project with the Group with Pet Plans, Inc. which is now currently under receivership with the Bank of the Philippine Islands - Asset and Trust Management Group (BPI-ATMG).

There has been no bankruptcy, receivership or similar proceeding or any material reclassification, consolidation of a significant amount of assets not in the ordinary course of business in the last three (3) years of the Group's and its significant subsidiaries' operations, other than those described in the ***Management's Discussion and Analysis*** attached hereto as **Annex "C".**

A. Products

Residential Developments

Its residential projects located in General Trias, Cavite namely, Bel Aldea, Maravilla and Asian Leaf subdivisions are now on their final leg of selling the few remaining units composing of townhouse and single attached unit concepts.

Another project of San Miguel Properties in the South, under one of its subsidiaries named Exceland, is an upscale development located in Silang Cavite, just a few minutes away from Sta. Rosa's flourishing mixed-used development.

Aside from the Group's existing residential projects located in General Trias, Cavite and Exceland's Sta. Rosa, Laguna Project, the sale of its townhouse developments in key cities of Metro Manila is also on-going. The Group and its significant subsidiaries are presently focusing on marketing its these projects namely, Dover Hill of Bright Ventures Realty, Inc. located in San Juan City, and One Dover View of Carnell Realty, Inc. and Two Dover View both located in Mandaluyong City. These luxury townhouse developments will cater to the upscale market of Metro Manila.

Lease Operations

The Group leases out most of its commercial office spaces and warehouses to San Miguel Corporation, its subsidiaries and affiliates, as well as to third parties. The Group has leasable commercial office spaces in Mandaluyong City and Pasig City, industrial space in Davao, Antipolo and Cavite, and warehouse in Paranaque City.

Hospitality Development

Makati Diamond Residences (MDR) is a luxury serviced apartment with 410 spacious guest rooms ranging from 41 square meters up to as much as 204 square meters and has top-of-the-line amenities and health and wellness facilities. Conveniently located in Makati CBD, the location of MDR provides easy access to many multinational companies, shopping, dining and entertainment destinations.

Economic Zone Project

A 500-hectare industrial park development under the flagship of E-Fare Investment Holdings, Inc., and registered under Authority of the Freeport Area of Bataan, the Mariveles Economic Zone Project intends to provide an attractive location for private investments, stimulate regional economic activity and generate employment opportunities.

For the ***List of Group's Products***, please refer to the hereto attached **Annex "A"**.

For the ***Group's contribution from sales***, please refer to **Annex "C"** and Note 4 of **Annex "D"**.

B. **Distribution Methods**

Due to the depleting inventory level and the impact of COVID-19 crisis there has been a substantial decrease in the Company's Reservation Sales and in the need for the Group's network of real estate brokers/sales agents/consultants.

C. **Competition**

For the remaining inventory, SMPI's major competitors in the CALABARZON area remain the same which includes: Ayala West Grove Heights by Ayala Land Premier; Nuvali by Ayala Land; South Forbes by Cathay Land; Solenn Residences by Greenfield Properties; Eton City by Eton Properties; Ayala Land's Amaia Scapes; Solviento by GeoEstate; Natania Homes and Sabella by My Citi Homes; Meridian Place by Filinvest; and Cedarwood Residences by Asia Landbest. The quality of development and pricing of the Group's projects remain to be very competitive.

For the General Trias, Cavite projects' major competitors are Pro-Friends, Vista Land, Filinvest, Ayala Land, Century Properties, Robinsons Land, Sun Trust, Northpine, Cathayland, and thirty five (35) other small real estate developers.

The Group's competitors in Metro Manila are KMC Mag Group's Baron Residences, Federal Land's One Wilson Square, Ortigas & Company's Veridian Greenhills, Robinson Land's Chimes, and Shang Properties' Shangri-La Residences.

All SMPI-managed buildings are at 100% occupancy level. The Group's lease operation remains stable due to the primacy of the Group's commercial office spaces.

For the properties of SMPI generating lease income located in the Ortigas area, its competitors include the One Corporate Center, Philippine Stock Exchange Tower, Wynsum Corporate Plaza, IBP Tower, Cyberspace Gamma, Rockwell Business Center, and Estancia Offices.

D. **Sources and availability of Raw Materials and Supplies**

The Group and its significant subsidiaries engage several accredited contractors to construct the housing units or do the land development of its different real estate projects. The following are the major contractors engaged by the Group during the year:

Allied Metals Inc.	2000 Gov Halili Highway Muzon City of San Jose Del Monte, Philippines
JJM Strong Roofing Construction and General Services Inc.	B1 L10 San Sebastian St. San Dionisio Vill. Brgy San Dionisio, Paranaque City, 1708
International Elevator & Equipment Inc.	KM. 23 West Service Road, South Super Highway, Cupang, Muntinlupa City, 1770
Datem Inc.	99 Mindanao Avenue; Brgy. Bahay Toro Quezon City, 1106 Philippines
Podstudio Construction Inc.	No. 62 K-1st St.; Cor. K-7th St.; Brgy. East Kamias, Quezon City, Philippines
Jardine Schindler Elevator Corp.	8th Floor Pacific Star Bldg Cor Sen Gil Puyat Ave. and Makati Ave. Bel-Air Makati City, Philippines
RWH Jaroglass Incorporated	No. 59 Sen. Gil Puyat Avenue Makati City, Philippines
RMDA Architects Co	2865 Finlandia St. San Isidro Makati City, 1306 Philippines
Vertical Space Interiors Inc	268 Factory B Niog 3 Bacoor Philippines

Cavite Ideal International Construction & Development Corp. (Cavdeal)	Governor's Drive Brgy Gregorio TMC Philippines
TCGI Engineers	9F Feliza Building 108 V.A. Rufino Street Legaspi Village Makati City, Philippines
Fuji-Haya Electric Corp. of the Phils.	Silangan Industrial Park Canlubang Calamba, Laguna 4027 Philippines
Ackbrent Inc.	14 B Balboa St Vista Verde Exec Vill San Isidro Cainta Rizal Philippines
Techbrokers Inc	112 D Tuazon St. Brgy. Lourdes 1 Quezon City, Philippines
Beta Electromechanical Corp	#18 Bagong Calzada St. Brgy. Ususan Taguig City, Philippines
We Enterprises & Contractors Inc.	19 Bible St. Karuhatan, Valenzuela City, 1441 Philippines
Dunwoody and Madison Inc.	Unit 815 Medical Plaza Ortigas 25 San Miguel Ave. Ortigas Center, San Antonio, Pasig City, 1605
White Water Architecture & Construction, Ltd.	63 Bogwang-Ro; Yongsan-Gu Seoul, South Korea
Schema Konsult Inc.	15F JMT Corporate Condo ADB Avenue Ortigas Center Brgy San Antonio, Pasig City, Philippines
MCP Construction General Contractor	1 Tumana Sta. Maria; Bulacan, 3022 Philippines
Guangdong Golden Port Supply Chain Management	Room 705 No. 1 Building No. 2 Jihua 5 Foshan 190 528000 China
Philgen Engineering Services	#39-B Dama De Noche St.; Freedom Park Batasan Hills Quezon City, 1126 Philippines
RC Tollo Surveying Services	Room A-20 to A-21, 2nd Floor Lester Building, Pasong Putik, Quirino Highway QC
N.S. Mangio Construction & Development Corporation	Unit 1; Corporate House; 239 Santolan Road; Bagong Lipunan; Quezon City, 1111 Philippines
Veco Const. and Dev. Corp.	520 San Pablo St Batis San Juan City, Philippines
A. B. Ison Pilot Const. and Trading Corp.	7029 Wison St. Pio Del Pilar Makati City, 1200 Philippines
Prompt Managers & Construction Services Inc.	Unit 219 2/F The Manila Residences Tower II 2310 Taft Avenue Malate Manila
480 Builders	485 Kalayaan Road, Brgy. Magdalo Potol, Kawit, 4104
Arcadis Philippines Inc.	25/F Circuit Corporate Ctr 1 Circuit Makati A.P. Reyes Ave. Carmona Makati City, 1207
Metrocon Construction and Development Corporation	35 JPA Bldg Felipe Pike St., Brgy Bagong Ilog, Pasig City,
Metro Structural & Industrial Steelworks Corp.	747 Aurora Blvd Quezon City, 1113
Metrius Envirocare Solutions	169 Sumulong Highway Mayamot Antipolo City, 1870
Astrobay Construction	#06 Brgy San Isidro Bay Philippines
Greenstrat Inc.	3939 Magtanggol St. Cor. Dangal St. Bacood Zone 061 Brgy 617 Sta Mesa Manila
JME Supreme International	Unit 1802 West Trade Center 132 West Ave. Quezon City
DPY Mercantile Inc	No.778-B Mahogany St. Octagon Village Brgy.Dela Paz, Pasig City
Produkto ni Iking Co.	17 Mabini St. Poblacion Nabas

Aklan Appliance Center	Cor. Mabini & D. Maagma Sts. Kalibo
Archen Technologies Inc	38 Gen Delgado St. Brgy. San Antonio San Antonio Village, Pasig City
Pacific Security Systems Trading Corporation	G/F Mary Bachrach Bldg.; 25th Cor. Railroad Streets; Port Area, Manila
A. P. Angeles Jr. Surveying & Construction	51 Mahogany St. Dagatan Lipa City
Balyena Tanker Corporation	Bldg 1140 Roxas Blvd Cor Nuestra Senora De Guia St Bgy 667 Zone 72 Ermita
SMC Shipping and Lighterage Corporation	Rm 500-503 5F VIP Bldg. 1140 Roxas Blvd. Cor. Nuestra Senora De Guia St. Zone 072 Barangay 667, Ermita, Manila
Monarch Diversified Logistics Inc.	Lot 1 Ninoy Aquino Ave., Corner Old Kabihasnan Street San Dionisio Parañaque 1700
Citytech Steel Fabrication Inc.	32 Sanciangco St. Brgy Tonsuya Malabon City
Lumitec Lighting Specialist Inc	Unit 101 G/F Pearl of the Orient Tower Condominium 1240 Roxas Blvd. Brgy. 667 Zone 072 Ermita Manila
Bataraza Petron Filling Station	BPFS Bdlg. National Highway Marangas Bataraza
Eagle Cement Corporation	2/F Smits Corporate Center 155 EDSA Bgry. Wack-Wack Mandaluyong City,
E.V. Villaos Trading & Construction	482 Rizal Ave. Puerto Princesa City, Palawan
Phil-Pan Subic Ventures, Inc.	Lot 1 Argonaut Highway; Subic Gateway District
Man Automotive Concessionaires Corporation	Edsa Cor. Seminary Road Brgy. Bahay Toro Quezon City
Sun Power Trading	1514 Antonio Rivera Street Brgy. 243 Zone 022 Tondo
Sika Philippines Inc.	Unit A&B 888 Marcos Alvarez Ave. Bo. Talon Las Pinas City
Pag-Asa Steel Works Inc	Amang Rodriguez Ave. Bo Manggahan Pasig
Evercon Builders & Equipment Corporation	Unit 3A #644 Rajah Matanda St. Brgy 7 Zone 1 Tondo
Acersteel Industrial Sales; Inc.	6430 Sto. Rosario St.; Mapulang Lupa Valenzuela City
Palawan Marinecraft Inc.	Manalo Extn. Bancao-Bancao Puerto Princesa City, Palawan

E. **Customers**

The Group is not dependent on a single or few customers, the loss of any of which would have no material adverse effect on the Group and its subsidiaries taken as a whole.

F. **Transactions with and/or dependence on Related Parties**

For transactions with and/or dependence on related parties, please refer to Note 23 of **Annex "D"**.

G. **Registered Trademarks/Patents, etc.**

All marks and other related intellectual property rights used by the Company are either registered or pending registration in the name of SMPI in the Philippines.

H. **Government Approval**

Prior to the start of a real estate development, the *Sangguniang Bayan* approves the site development plan and issues the locational clearance. The local representative of the Department of Environment and Natural Resources then issues the Environmental Compliance Certificate or if it is less than 2 hectares, issues the Certificate of Non-Coverage (COC). The Land Management Bureau approves the survey plan of a residential subdivision.

To be able to sell the subdivided lots and/or house and lot units, the Group is required to obtain a License to Sell from the Housing Land Use Regulatory Board (HLURB). The HLURB also issues a certificate of registration for the project name.

For industrial or economic zones, there shall be an approval from the economic zone authorities governing the place where the zones being applied for are located. These agencies include the Philippine Economic Zone Authority (PEZA), Tourism Infrastructure and Enterprise Zone Authority (TIEZA) or Authority of the Freeport Area of Bataan (AFAB) with the accreditation of the Department of Tourism (if a special tourism zone in the case of PEZA) or endorsement letters (in the case of TIEZA) coming from the National Heritage Institute (NHI) in the case of Cultural and Heritage Tourism Zone, from the Department of Health (DOH) in the case of Health and Wellness Tourism Zone, or from the Philippine Retirement Authority (PRA) in the case of retirement villages/communities.

If the classification of the proposed project site is classified as agricultural, the land should first be reclassified by the Local Government Unit in order for the classification to be consistent with the proposed development. In addition, a Conversion or an Exemption Order should be secured from the Department of Agrarian Reform.

I. **Government Regulations**

The following are the recent government regulations and issuances related to the Group's line of industry:

1. Issuances of the Securities and Exchange Commission (SEC)

1.1. *MC No. 01, Series of 2020 " Revised Implementing Rules and Regulations of Republic Act NO. 9856, Otherwise known as the Real Estate Investment Trust (REIT) Act of 2009*

Consistent with democratizing wealth by broadening the participation of Filipinos but within limitations, the REIT shall have all the powers of a corporation under the Revised Corporation Code but may only invest under allowable investments enumerated under Rule 5 of the Circular, which includes: (a) real estate where 75% of the Deposited Property consists in income-generating real estate and shall in no se be less than 35%of the Deposited Property. Its investment may be in the form of direct ownership or a shareholding in a domestic special purpose vehicle constituted to hold/own real estate subject to the rules established in the Circular; (b) real estate related assets; (c) evidence of indebtedness; (d) bonds and other evidence of indebtedness issued by the government, supranationals; (e) commercial papers; (f) cash and cash equivalent items and other (g) collective investment schemes duly registered with the SEC or BSP.

Of particular significance is that a REIT cannot undertake any property development activities whether on its own or in a joint venture with others or by investing in unlisted property development companies unless it intends to hold in fee simple the developed property for 3 yrs, the purchase agreement of said property is made subject to completion of the building and development shall be carried out in terms which are vest available for the REIT and prospects for real estate can be reasonable expected to be favorable.

1.2. *MC No. 5, Series of 2020 " Extension of Filing of the 2019 Annual Reports Including the Applicable Quarterly Reports for Year 2020 and 2019 Audited Financial Statements (AFS)"*

Cognizant of the spread of COVID-19, the SEC acknowledged the difficulty of Companies to comply with the submission of AFS by allowing until 30 June 2020 or 60 days from the date of lifting of travel restrictions whichever comes later provided that a written request shall be submitted not later than days before the filing of deadline with sworn certification by the President and Treasurer.

1.3. *MC No. 6, Series of 2020 "Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing and Other Remote or Electronic Means of Communication"*

In light of the COVID-19 pandemic, the SEC has allowed that attendance, participation and voting shall be allowed by remote communication or in absentia provided that the requirements and procedures are followed.

1.4. *MC No. 09, Series of 2020 "Guidelines for the filing of the General Information Sheet (GIS) during the COVID-19 Outbreak and Enhanced Community Quarantine*

If election is held, the GIS shall be submitted within thirty (30) days from actual meeting thru mail (ordinary or registered), private courier, or email at mlmliwanag@sec.gov.ph, mdtmabuyo@secgov.ph or cmdnotice@sec.gov.ph

Should there be no holding of election on the original schedule dates, the same shall be reported to the SEC within 30 days from the date of the scheduled election, and shall specify the new date for election which shall not be later than 60 days from the scheduled date.

1.5. *MC NO. 10, Series of 2020 "Guidelines on Submission by Electronic Mail of GIS, AFS, Forms and Documents Required Under Existing Laws, Rules and Regulations and Recognition of Electronic Signature"*

The SEC provides the guidelines and conditions in filing documents through Electronic Mai. The same should be in Portable Document Format (PDF) preferably with Text Layer and document should contain an Electronic Signature as defined under Section 5(2) of Republic Act NO. 8792 issued last June 14, 2000.

1.6. *MC No. 18, Series of 2020 "Procedures in the filing of Audited Financial Statements and General Information Sheet to SEC after the Enhanced Community Quarantine.*

All corporations shall file their Annual Financial Statements and General Information Sheet (GIS) thru the SEC Express Nationwide Submission (SENS) to any courier of their choice and /or Philippine Postal Office. The AFS shall have the stamped "received" by the Bureau of Internal Revenue (BIR) or its authorized banks unless the BIR allows an alternative proof of submission for its authorized banks.

The SEC excludes PLCs and Issuers of registered securities from the number coding schedule. Instead a new schedule was given under this Circular.

1.7. *MC NO. 19, Series of 2020 "Signatories of the Manual on Corporate Governance and Penalty for Noncompliance with the Requirement"*

The signatory of the Manual shall be the Chairman of the Board and the Compliance Officer. It is deemed not filed if the signatories are incomplete or incorrect.

1.8. *MC N0. 28, Series of 2020 "Requirement for Corporations, Partnerships, Associations, and Individuals to Create and/or Designate E-mail Account Address and Cellphone Number for Transactions with the Commission.*

In line with the objective to expedite the transmission and receipt of official communications while preserving its integrity, an official e-mail account and cellphone number for transactions with the SEC is required.

In addition to the valid official e-mail address and official cellular phone number, every corporation, association, partnership and person under the jurisdiction and supervision of the Commission shall also submit a valid alternative email address and valid alternate cellular phone number.

The email addresses and cellular phone number shall under the control of the corporate secretary. The same shall be shown also in the Company's GIS.

The submission of email addresses and cellphone numbers shall be accompanied by a duly signed Authorization or Certification of Authorization .

1.9. *MC No. 1, Series of 2021 "Guidelines in Preventing the Misuse of Corporations for Illicit Activities through Measures Designed to Promote Transparency of Beneficial Ownership (BO Transparency Guidelines)*

There shall be mandatory disclosure of the Person on whose Behalf the Corporation is Registered and the Nominators/Principals of Nominee Incorporators/ First Directors/Trustees and Shareholders of Corporations Applying for Registration.

1.10. *MC NO. 3, Series 2021 "Schedule and Procedure for the Filing of Annual Financial Statements ,General Information Sheet and Other Covered Reports*"

Submission of reports such as AFS, GIS and the like shall be filed through the Online Submission Tool (OST) of the SEC. This shall be done by filling out the application through the SEC link provided site and attaching the Board Resolution via registered email under the MC 28.

The enrolled company may activate its authorized filer using the email address authorized by the Corporation. But if the corporation provides another email address to the authorized filer different from the existing email address as enrolled in the OST, the authorized filer needs to enroll again for the new corporation.

2. Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

This Bill seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making them time-bound, targeted and performance based. As of date, the Bill is for approval of the President. Since the approval of the Bill has yet to happen, there are accounting questions on how to treat this Bill upon approval of the President.

Under Paragraph 22H of PAS 10, Events after the Reporting Period, if the bill is passed in to law after the balance sheet date but before the issuance of the audited financial statements, it is treated as a non-adjusting event. Disclosure of the nature of changes and impact to the financial statements is required if the impact is expected to be significant. On the other hand, if the Bill is passed in to law after the issue date of the 2020 audited financial statements but prior to the actual filing of the 2020 annual ITR, there is no subsequent event the requires related financial statements disclosure.

3. BIR Revenue Regulation No. 34-2020

This prescribes the guidelines and procedures on the submission of BIR Form No. 1709, transfer pricing documentation and other supporting documents for related party transactions. The Company should already assess whether or not it is covered by these requirements by checking the categories idenfitifed under Section 2 and 3 of RR No. 34-2020.

J. Research and Development Activities

The Group has engaged external service providers to: (1) conduct market research activities for the Company in preparation for the launching of its new residential and commercial projects (2) branding strategies to help distinguish its varied tourism/commercial projects from the rest particularly in the Visayan region.

K. Compliance with Environmental Laws

The Group and its significant subsidiaries secured permits, licenses and certificates required for the projects at the start of the development. These are not renewed every year, except if new projects are developed and/or offered for sale.

L. Human Resources and Labor Matters

As of December 31, 2020, SMPI has seventy seven (77) regular employees, broken down into the following departments: (i) Office of the General Manager – 12; (ii) Finance and Treasury– 16; (iii) Legal and Asset Acquisition and Disposition Department – 10; (iv) Sales and Marketing – 10; (v) Leasing – 1; (vi) Accounts Management – 11; (vii) Special Projects – 11; (viii) HR & Admin. – 3; (ix) Technical Services – 3; The Group expects significant changes in its existing workforce level within the ensuing twelve (12) months.

There are five (5) probationary and six (6) project-based employees in the Group.

None of the employees are subject to any Collective Bargaining Agreement. There is no known threat of strike, and there have been none in the last three (3) years.

Please refer to Note 21 of **Annex "D"** for the employees' benefits.

M. Major Risks

Inherent in the Group's business as real estate developer are these risks: (a) acquisition of properties with undeclared encumbrances; (b) risk of non-performance of building contractors to required specifications and other claims; (c) risk of non-performance or failure to deliver commitments from joint venture partners; and (d) risk of non-payment of buyers of properties for sale.

To manage such risks, the Group and its significant subsidiaries perform due diligence in the acquisition of properties for encumbrances, tax deficiencies or adverse claims, if any, prior to the signing of the sale contracts and/or full payments thereof.

The Group and its subsidiaries also require all the contractors to submit the standard bonds and insurance (including policy renewals), duly authenticated by the internal Risk and Insurance Management Group before any release of payments are made. Further, provisions on liquidated damages have also been established for construction contracts to compensate costs in any contractor's delay or non-performance.

The Group also ensures that any processing for transfer of titles to real estate buyers would only commence upon full payment of contract price, for in-house financing, or upon receipt of Letter of Guarantee or Notice of Approval from banks or other financial institutions.

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated with its parent Group, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short- to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate optimum returns.

For the Group's other major business risk, please see Note 27 of **Annex "D"**.

Item 2. Properties

The Group's and its significant subsidiaries' residential projects and the Group's leasable properties are described in **Annex "A"**.

The Group and its significant subsidiaries own properties which are described in **Annex "B"**

There are no imminent acquisitions of any material property which cannot be funded by the working capital of the Group and its significant subsidiaries.

Item 3. Legal Proceedings

The Group and its significant subsidiaries are not currently involved in any litigation or legal proceedings that could be expected to have a material adverse effect on the Group and its significant subsidiaries or their respective results of operations.

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

The matter of the increase in authorized capital stock and the amendment of the Company's Articles of Incorporation to reflect the said increase as well as the denial of pre-emptive rights of the existing stockholders were submitted for approval during the December 17, 2015 Special Stockholders' Meeting through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Group's Common Equity and Related Stockholder Matters –

The Company's common equity is no longer traded in the Philippine Stock Exchange. Effective May 6, 2013, the Philippine Stock Exchange (PSE) has approved the Petition for Voluntary Delisting by the Company and consequently ordered the delisting of the Company's shares from the Official Registry of PSE.

There are no extraordinary restrictions that limit the ability of the Company to pay dividends in common stock.

The approximate number of shareholders of common shares as of December 31, 2020 is 909**.**

The top 20 stockholders of the Company as of December 31, 2020 are as follows:

Rank	Name of Stockholders	Nationality	No. of Shares	% of Total O/S
1	San Miguel Corporation	Filipino	959,190,237	99.80
2	Philippine Breweries Corporation	Filipino	1,525,672	0.211993
3	San Miguel Foundation, Inc.	Filipino	280,332	0.038952
4	Heirs of Fidel & Teresita Reyes, Inc.	Filipino	15,667	0.002177
5	Ronald Manese	Filipino	3,744	0.000520
6	Society of the Divine Word	Filipino	3,456	0.000480
7	B.R. Medrano	Filipino	2,196	0.000305
8	Ronald S. Po	Filipino	1,840	0.000256

Rank	Name of Stockholders	Nationality	No. of Shares	% of Total O/S
9	Anglo Agricultural Development Corporation	Filipino	1,776	0.000247
10	Benjamin C. Reyes	Filipino	1,744	0.000242
11	Ma. Luisa Llamado	Filipino	1,734	0.000241
12	Arturo C. Reyes	Filipino	1,730	0.000240
13	Amado O. Milan and/or Dolores Milan	Filipino	1,728	0.000240
14	Varifold Marketing Corporation	Filipino	1,728	0.000240
15	PCD Nominee Corporation (Filipino)	Filipino	1,669	0.000232
16	Teresita R. Reyes	Filipino	1,458	0.000203
17	Eva S. Recio	Filipino	1,399	0.000194
18	G. D. Tan & Co., Inc.	Filipino	1,090	0.000151
19	Antonio Q. Sevilla	Filipino	1,000	0.000139
20	Aurelia V. Agonias	Filipino	864	0.000120

There were no dividends declared or cash dividends payout on the Company's common shares for the last two (2) fiscal years. On March 14, 2017, the BOD approved that the Five Billion (P5,000,000,000.00) funds used to appropriate for the projects of the Company such as but not limited to the residential townhouse projects and the service hotel apartment be reversed as they have already been completed or substantially completed. The BOD likewise approved the appropriation of Four Billion Five Hundred Million Pesos (P4,500,000,000.00) of the Company's retained earnings for its capital projects and long-term project development.

The Company has not sold any unregistered or exempt securities (including issuance of securities constituting an exempt transaction) within the past three (3) fiscal years.

Item 6. Management's Discussion and Analysis of Financial Conditions and Results of Operations

The information required by Part III, Paragraph (A) of Sec. 17.1 of the Securities Regulation Code is attached hereto as **Annex "C"**.

Item 7. Financial Statements

The 2020 Audited Consolidated Financial Statements of the Group, including its Statement of Management's Responsibility and Auditor's Report, are attached as **Annex "D"** with the Supplementary Schedules Consolidated Financial Statements (Annex 68-E, SRC Rule 68), including the Auditor's Report on the Supplementary Schedules, attached as **Annex "D.1".**

Item 8. Information on Independent Accountant and Other Related Matters

A. External Audit Fees and Services

The accounting firm of Punongbayan and Araullo ("P&A") served as the Group's external auditor for the fiscal year.

The Group's total audit fees for 2020 amounted to P4.75 million, inclusive of out-of-pocket expenses. There were no other additional services rendered by P & A to the Group and its subsidiaries in 2020.

The stockholders approve the appointment of the Group's external auditors. The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the board and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations.

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

There are no disagreements with external accountants on accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The names of the incumbent directors, nominees for election as directors and key executive officers of the Group, and their respective ages, periods of service, directorships in other reporting companies and positions in the last five (5) years are as follows:

> ***Ramon S. Ang,*** Filipino, 67, is the Chairman (since May 28, 2002) and President of the Company (since August 11, 2010), respectively. He also holds, among others, the following positions: President, Vice Chairman, and Chief Operating Officer (COO) of San Miguel Corporation (SMC); President and Chief Executive Officer (CEO) of Petron Corporation, Top Frontier Investment Holdings, Inc., Integrated Geo Solutions, Inc., San Miguel Food and Beverage, Inc., and Northern Cement Corporation; Chairman and CEO of SMC Asia Cars Distributors Corp.; Chairman, CEO, President and COO of SMC Global Power Holdings Corp.; Chairman and President of San Miguel Energy Corporation, Trans Aire Development Holdings Corp., Coastal View Exploration Corporation, San Miguel Holdings, Corp., Archen Technologies, Inc., SMITS, Inc.; Chairman of San Miguel Brewery, Inc., Magnolia, Inc., San Miguel Foods, Inc., San Miguel Mills, Inc., San Miguel Super Coffee Mix Co., Inc., San Miguel Yamamura Packaging Corporation, and various subsidiaries of SMC. He formerly held the following positions: Chief Executive Officer of Paper Industries Corporation of the Philippines; Chairman of Cyber Bay Corporation and Liberty Telecoms Holdings, Inc.; President and COO of PAL Holdings, Inc., Philippine Airlines. Inc.; Vice Chairman of Manila Electric Company; Director of Air Philippines Corporation. He has held directorships in various companies, including domestic and international subsidiaries of San Miguel Corporation in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University.

> ***Aurora T. Calderon,*** Filipino, 66, has been a Director of the Company since August 11, 2010. She is also the Senior Vice-President and Senior Executive Assistant to the President and Chief Operating Officer (COO) of San Miguel Corporation (SMC) since 2011. She has been a consultant reporting directly to the President and COO of SMC (1998-2010). She is presently a Director and Treasurer of Top Frontier Investment Holdings, Inc.; Director and Chairman of Florenza Estates Development Corporation and Ruzena Estates Development Corporation; and a member of the Board of Directors of San Miguel Food and Beverage, Inc, Process Synergy, Inc., SMITS, Inc., San Miguel Yamamura Packaging Corporation, Petron Corporation, SMC Global Power Holdings Corp., TransAire Development Holdings Corp., Ginebra San Miguel Inc., San Miguel Equity Investments Inc., SMC Asia Car Distributors Corp., and various subsidiaries of SMC. She is currently a member of the Risk Oversight and Audit Committee and Corporate Governance, Nomination and Compensation Committee of the Company.

> ***Minita V. Chico-Nazario,*** Filipino, 81, has been an Independent Director of the Company since May 9, 2012. She is currently an Independent Director of Ginebra San Miguel, Inc., San Miguel Food and Beverage Inc., Top Frontier Investment Holdings, Inc., and Mariveles Grains, Inc.; Chairman of the Board of Philippine International Grains, Inc.; and Legal Consultant of United Coconut Planters Bank and TAN, ACUT, PISON & Associates Law Offices. She has previously held the following positions: Dean of the College of Law of the University of Perpetual Help in Las Pinas City; Legal Consultant of the Philippine Amusement and Gaming Corporation (January 2010- June 2010) and Metro Manila Development Authority (March 2010-June 2010); and Chairman of the Board of Directors (June 2010-August 2010) and Director (September 2010 – September 2011) of PNOC Exploration Corporation. She has served the judiciary in various capacities for forty-seven years (47), as Presiding Justice of the Sandiganbayan (February 2003 – February 2004) and Associate Justice of the Supreme Court (February 10, 2004 – December 5, 2009). She is a graduate of the University of the Philippines and a member of the New

York State Bar. She is the Chairperson of the Company's Risk Oversight and Audit Committee, and Corporate Governance, Nomination and Compensation Committees.

Mario Garcia, Filipino, 68, has been a Director of the Company since November 3, 2009. He is also a Director of San Miguel Pure Foods Company, Inc. and represents the National Government in the Board of Directors of the Subic Bay Metropolitan Authority. He is a TV Host of Kapihan ng Bahay, NBN-4 and Comentary, PBS Radio ng Bayan, Interim National President of KBP Society of Boradcast Journalists, and Consultant of Radio Affairs, Pulis ng Bayan, PNO. He is previously a Board meber of Clark Development Corporation (November 2009 – March 2010), member of the Board of Advisers of Freeport Service Corporation (2007-2008), Consultant for Special Projects at the Philippine Daily Inquirer (February-November 2008), Director and Vice Chairman of the Qu3zon City Red Cross (2006-2007), and Vice President for Programming and Operations and Station Manager of Radio Veritas (1991-2005)

Hector L. Hofileña, Filipino, 91, has been a Director of the Company since May 28, 2002. He is a former Director of San Miguel Corporation and a former Associate Justice of the Court of Appeals. Justice Hofileña is a lecturer at the Ateneo De Manila University and the Philippine Judicial Academy. He is a member of the Company's Corporate Governance, Nomination and Compensation Committee.

Jeronimo U. Kilayko, Filipino, 73, has been nominated as an Independent Director of the Company since March 14, 2017. He is the Chairman of Arcore Holdings Co.; President of K5 Distribution, Inc., a family-owned company and CV Financial Corporation; Independent Director of Abejo Water Company; Director of United Chemical Corp.; and Trustee of Operations Smile Philippines. He formerly held the following positions: President and Chief Executive Officer of the United Coconut Planters Bank from 2011 to 2016; Vice-Chairman of the Board of Bank of Commerce from 2007 to 2011; and President of San Miguel Properties, Inc. from 2002 to 2011. He is currently a member of the following committees of the Company: Risk Oversight and Audit Committee, Corporate Governance, Nomination and Compensation Committee, and Related Party Transaction Committee.

Karen V. Ramos**,** Filipino, 56, is the General Manager of the Company since her appointment last March 1, 2016 which was later on confirmed and ratified by the members of the Board of Directors during their March 14, 2016 regular meeting. Previously, she was designated as Officer-in-Charge (OIC) from August 1, 2015 of the Company. She is likewise holding the positions of Sales and Marketing Manager in a concurrent capacity (after the approval of the Board to have the Sales Department merged with the Marketing Department last August 10, 2016 regular board meeting). She used to work as Marketing Manager of the Company since April 1, 2007. She is a former Director of Northpine Land, Inc. Previously, she is connected with the United Coconut Planters Bank as Head of Planning and Design Department, Corporate Services Division (2004 - 2007) and Head of Special Services Department, Asset Management Division (2000 – 2003).

Karen M. Cas-Caballa, Filipino, 47, is the Head of the Legal and Asset Management Services Department of the Company since April of 2010. She was appointed as Corporate Secretary and Compliance Officer as of August 10, 2015. She used to be the Assistant Corporate Secretary of the Company since November 10, 2010. She was first hired as a Consultant from April 2006 to April 2010 in the Office of the General Manager likewise tasked to spearhead the Legal and Asset Management Services Department of the Company. Also, Ms. Caballa is currently a Director of Northpine Land, Inc. and San Miguel Properties Centre Condominium Corportion, and the Corporate Secretary of all the subsidiaries of the Company except Integrated Geosolutions, Inc.

Maria Alma C. Geronimo, Filipino, 50, is the Head of Finance and Treasury Department of the Company since July 2012. She is a former Director for External Affairs and Board of Trustee of Angel John Integrated Academy, and AJIA Vocational and Technical School, Inc., She has previously held the following positions: Audit Supervisor at Sycip, Gorres, and Velayo & CO. (January 1992 – February 1997); Finance Manager at Landco Pacific Company (February 1997 – June 1998); Financial Controller at Degussa Construction Chemicals Group of Companies in the Philippines and in Vietnam (July 1998

– July 2005); Senior Manager in the General Accounting Department of Pilipinas Makro, Inc. (October 2005 – July 2007); and Financial Controller at Headstrong Philippines, Inc. (July 2007 – March 2008). Presently, she is also the Finance and Treasury Head of all the subsidiaries of the Company.

Term of Office

Pursuant to the Group's Corporate By-Laws, the directors are elected at each annual meeting of the stockholders by the stockholders entitled to vote. Each director holds office until the next annual election and until his successor is duly elected and qualified.

The nominees for election to the Board of Directors in the May 12, 2021 Annual Stockholders' Meeting of the Company, are as follows:

1. Ramon S. Ang
2. Aurora T. Calderon
3. Minita V. Chico-Nazario
4. Cecile L. Ang
5. Hector L. Hofileña
6. Jeronimo U. Kilayko
7. Karen V. Ramos

Independent Directors

The independent directors of the Group are Jeronimo U. Kilayko and Minita V. Chico-Nazario.

The nominees for election as independent directors of the Board of Directors on the Stockholder's Meeting which will be held on May 12, 2021, are as follows:

Nominee for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Jeronimo U. Kilayko	Ramon S. Ang	None
Minita V. Chico-Nazario	Ramon S. Ang	None

In approving the nominations for independent directors, the Corporate Governance, Nomination and Compensation Committee took into consideration the guidelines on the nomination of independent directors prescribed in SRC Rule 38 and its implementing rules and regulations. The Corporate Governance, Nomination and Compensation Committee pre-screened the qualifications of the candidates and prepared a final list of the nominees. Under the company's by-laws, the conduct of election of independent directors shall be in accordance with the standard election procedures for regular directors as provided therein, however, specific slots for independent directors shall not be filled up by unqualified nominees and in case of failure of election for independent directors, a separate election shall be called to fill up the vacancy.

The incumbent independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC. The Certifications of the incumbent directors submitted to the SEC are attached hereto as **Annex "F"** and **Annex "G".**

Significant Employees

The Company has no employee who is not expected to make a significant contribution to the business.

Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among the directors, executive officers, or nominees for election as directors of the Company

Certain Relationships and Related Transactions

There were no transactions with directors, officers or any principal stockholders (owning at least 10%) of the total outstanding shares of the Company) not in the ordinary course of business of the Company.

Parent Company

As of December 31, 2020, the Company is 99.80% owned by San Miguel Corporation.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers, underwriters or control persons of the Company have been involved in any legal proceeding, including without limitation being the subject of any (a) bankruptcy petition, (b) conviction by final judgment, (c) order, judgment or decree, or (d) violation of a securities or commodities law, for the past five (5) years up to the latest date that is material to the evaluation of his ability or integrity to hold the relevant position in the Company.

The Company and its significant subsidiaries are not currently involved in any litigation or legal proceedings that could be expected to have a material adverse effect on the Company and its significant subsidiaries of their respective results of operations.

Item 10. Executive Compensation

The following table summarizes the aggregate compensation paid or accrued during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Group's President and senior executive officers:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Ramon S. Ang[1] – Chairman and President **Karen V. Ramos** – General Manager/ Sales and Marketing Department Manager **Maria Alma C. Geronimo** – Finance and Treasury Department Manager **Karen M. Cas-Caballa** – Legal and Asset Acquisition & Disposition Department Manager **Aurelio A. Rabusa, Jr.** – Security and Asset Management **Julius A. Marzoña** – Technical Services Department Manager	2021 (estimated)	P21.0 Million	P5.1 Million	P6.3 Million	P32.4 Million
	2020	P25.7 Million	P9.6 Million	P7.3 Million	P42.6 Million
	2019	P24.7 Miilion	P11.4 Million	P6.4 Million	P42.5 Million
All other officers and directors as a group unnamed	2021 (estimated)	P0.0 Million	P0.0 Million	P0.0 Million	P0.0 Million
	2020	P0.0 Million	P0.0 Million	P0.0 Million	P0.0 Million
	2019	P0.0 Million	P0.0 Million	P0.0 Million	P0.0 Million

[1] *While Mr. Ramon S. Ang is the Chairman and President of the Company, he is not receiving any compensation from the Company. His compensation is being paid by the mother company, San Miguel Corporation.*

TOTAL	2021 (estimated)	P21.0 Million	P5.1 Million	P6.3 Million	P32.4 Million
	2020	P25.7 Million	P9.6 Million	P7.3 Million	P42.6 Million
	2019	P24.7 Million	P11.4 Million	P6.4 Million	P42.5 Million

Article III, Section 10 of the Amended By-Laws of the Company provides that by resolution of the Board of Directors, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting.

In 2020, each director received a per diem of P10,000.00 per attendance at Board meetings of the Company.

There were no other arrangements pursuant to which any of the directors was compensated or is to be compensated, directly or indirectly, during the last fiscal year and the ensuing fiscal year.

There were neither compensatory plans nor arrangements with respect to a named executive officer.

Item 11. Security Ownership of Certain Record and Beneficial Owners

Owner of record of more than 5% of the company's voting securities as of December 31, 2020 is as follows:

Title of Class	**Name, Address of Record Owner and Relationship with Issuer**	**Name of Beneficial Owner and Relationship with Record Owner**	**Citizenship**	**No. of Shares Held**	**Percent**
Common	San Miguel Corporation[2] No. 40 San Miguel Avenue, Mandaluyong City 1550, parent company of the issuer	San Miguel Corporation, parent company of the issuer	Filipino	959,190,237	99.80%

[2] *The Board of Directors of San Miguel Corporation (SMC) authorized any one Group A signatory or any two Group B signatories to act and vote in person or by proxy, shares held by SMC in other corporations. The Group A signatories of SMC are Ramon S. Ang, Ferdinand K. Constantino, Joseph N. Pineda, Virgilio S. Jacinto, Aurora T. Calderon, and Sergio G. Edeza. The Group B signatories of SMC are Bella O. Navarra, Cecile Caroline U. de Ocampo, Lorenzo G. Formoso III, Almira C. Dalusung, Maria Raquel Paula G. Lichauco, and Joseph Francis M. Cruz.*

The following are the number of shares of the Company's capital stock (all of which are voting shares) owned of record by the Chairman, directors and nominees for election as director and key officers of the Company, as of December 31, 2020:

Title of Class	**Name of Beneficial Owner**	**Amount and Nature of Beneficial Ownership**	**Citizenship**	**Percent of Class**
Common	Ramon S. Ang	1(D)	Filipino	0.00%
Common	Aurora T. Calderon	1(D)	Filipino	0.00%
Common	Jeronimo U. Kilayko	1(D)	Filipino	0.00%
Common	Hector L. Hofileña	1(D)	Filipino	0.00%
Common	Mario C. Garcia	1(D)	Filipino	0.00%
Common	Minita V. Chico-Nazario	1(D)	Filipino	0.00%
Common	Karen V. Ramos	1(D)	Filipino	0.00%

The aggregate number of shares owned of record by the key officers and directors as a group as of December 31, 2020 is seven (7) shares or approximately 0.00% of the Company's outstanding capital stock.

The foregoing beneficial or record owners have no right to acquire additional shares within thirty (30) days from options, warrants, conversion privileges or similar obligations or otherwise.

There is no person holding more than 5% of the Company's voting securities under a voting trust or similar agreement.

Since the beginning of the last fiscal year, there were no arrangements which resulted in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

For the Group's related party transactions please see Note 23 of **Annex "D"**.

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Group) not in the ordinary course of business.

PART IV – EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The 2020 Audited Consolidated Financial Statements of the Group, including its Statement of Management's Responsibility and Auditor's Report, are attached as **Annex "D"** with the Supplementary Schedules Consolidated Financial Statements (Annex 68-E, SRC Rule 68), including the Auditor's Report on the Supplementary Schedules, attached as **Annex "D.1".**

The other Schedules as indicated in the Index to Schedules are either not applicable to the Group or require no answer.

(b) Reports on SEC Form 17-C

A summary list of reports on Form 17-C filed in the last twelve months period covered by this report is attached as **Annex "E"**.

SIGNATURES

Pursuant to the requirement of the Securities Regulation Code and Section 141 of the Corporation Code, this report has been signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on ________

By

RAMON S. ANG
Chairman and President

KAREN V. RAMOS
General Manager

Digitally signed by Maria Alma C. Geronimo
Date: 2021.04.08 08:25:19 +08'00'

MARIA ALMA C. GERONIMO
Finance and Treasury Department Manager

SUBSCRIBED AND SWORN to before me this APR 08 2021 affiants exhibiting to me their respective Passport as follows:

Name	Passport No.	Expiry Date	Place of Issuance
Ramon S. Ang	P2247867B	May 21, 2029	DFA Manila
Karen V. Ramos	EC8289356	July 14, 2021	DFA Manila
Maria Alma C. Geronimo	P8644617A	Sept. 5, 2028	DFA NCR East

JON ANDRE C. BA...
Notary Public for Pasay City
until June 30, 2021
Commission No. 19-22
Roll No. 64599
PTR No. 458302/01-05-21/Pasig City
IBP No. 143301/01-08-21/Makati City
DoubleDragon Headquarters, 10th Floor, Tower 1
Macapagal Avenue & EDSA Ext., Bay Area, Pasay C...

Doc. No.: 84
Page No. 17
Book No. 7
Series of 2021

Annex “A”

San Miguel Properties, Inc. and Subsidiaries
List of Projects
as of December 31, 2020

A. RESIDENTIAL PROJECTS

PROJECTS	LOCATION
Dover Hill (Bright Ventures Realty, Inc.)	Mabini Street corner Ortega and Pilar Streets, Barangay Addition Hills, San Juan
One Dover View (Carnell Realty, Inc.)	621 Lee Street, Barangay Addition Hills, Mandaluyong
Two Dover View (SMPI)	620 Lee Street, Barangay Addition Hills, Mandaluyong
Emerald 88 (SMPI)	598 Dr. Sixto Antonio Avenue, Barangay Maybunga, Pasig
Bel Aldea (SMPI)	Brgy. De Fuego Street, General Trias, Cavite
Maravilla (SMPI)	Brgy. San Francisco, General Trias, Cavite
Asian Leaf (SMPI)	Brgy. San Francisco, General Trias, Cavite
Wedgewoods (Excel Unified Land Resources, Inc.)	Brgy. Inchican, Silang, Cavite

B. HOSPITALITY PROJECTS

PROJECTS	LOCATION
Makati Diamond Residences (SMPI Makati Flagship Realty Corporation)	118 Legazpi St., Legazpi Village, Makati

C. INDUSTRIAL PROJECTS

PROJECTS	LOCATION
Mariveles Economic Zone (E-Fare Investment Holdings, Inc.)	Mariveles, Bataan

D. SMPI-OWNED BUILDINGS / LAND / WAREHOUSE

PROJECTS	LOCATION
Building and Land Lease of San Miguel Corporation Head Office Complex (SMPI)	No. 40 San Miguel Avenue, Ortigas, Mandaluyong City
Building Lease of 808 Building (SMPI)	Meralco Avenue corner Gen. Lim Street, Barangay San Antonio, Pasig City
Building Lease of Six (6) Units in San Miguel Properties Centre (SMPI)	No. 7 Saint Francis Street, Ortigas, Mandaluyong City
Warehouse Lease of Rengo Warehouse and Land Lease of Sucat Property (SMPI)	Dr. A. Santos Avenue (Sucat Road), Parañaque
Building Lease of Delgado Building (La Verduras Realty Corp.)	No. 38 Gen. Delgado St., San Antonio Village, Brgy. San Antonio, Pasig City
Land Lease of Bunawan, Davao City Property (SMPI)	Along Davao-Agusan National Highway, Brgy. Bunawan, Davao City
Land Lease of Antipolo City Property (SMPI)	Crestview Circle, Crestview Heights Subd., Brgy. San Roque, Antipolo City
Land Lease of Parking Space for El Magnifico Building (Kingsborough Realty, Inc.)	No. 37 Gen. Delgado St., San Antonio Village, Brgy. San Antonio, Pasig City

Land Lease of General Trias, Cavite Property (SMPI)	Arnaldo Highway, Brgy. San Francisco, Gen. Trias, Cavite Arnaldo Highway, Brgy. San Francisco, Sitio De Fuego, Gen. Trias, Cavite

E. TOURISM DEVELOPMENT PROJECTS

PROJECTS	LOCATION
Boracay Gateway Project Tourism Zone (La Belle Plume Realty, Inc.)	Brgy. Union, Nabas, Aklan / Brgy. Malay, Caticlan, Aklan
Beachfront Resort Hotel and Spa (Moonspring Development Inc.)	Brgy. Union, Nabas, Aklan
Aqean Bay Waterpark (Newscapes Haven Development Inc.)	Brgy. Union, Nabas, Aklan
Transit Hotel (Caticlanscapes Realty Development Inc.)	Brgy. Union, Nabas, Aklan

**All Tourism Development Projects suspended pending travel restrictions under the IATF rules[1].*

[1] *Executive Order No. 005-A, Series of 2021, "An Order Amending Executive Order No. 005, Series of 202, dated March 5, 2021 Entitled 'An Order Providing Guidelines for Persons Entering the Province of Aklan Pursuant to Resolution Numbers 98-A and 101, Series of 2021 Issued by the National Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID)' requires a negative RT-PCR test result with a validity of 72 hour from extraction to date of travel at the point of entry of the Province except the following: (1) Returning Aklanon Residents; (2) Returning Overseas Filipino; (3) Travelers coming from Western Visayas whose point of destination is mainland Aklan only; (4) Authorized Persons Outside Residence (APORs) and (5) Drivers, helpers of delivery trucks and vans.*

Annex "B"

PROPERTIES

	Company Name / Subsidiary	Address	Rented / Owned	Condition
1	San Miguel Properties, Inc.			
	Bel Aldea Subdivision	Brgy. San Francisco, Gen. Trias, Cavite	Owned	Good
	Maravilla Subdivision	Brgy. San Francisco, Gen. Trias, Cavite	Owned	Good
	Asian Leaf Subdivision	Brgy. San Francisco, Gen. Trias, Cavite	Owned	Good
	Office Spaces	San Miguel Properties Centre, Mandaluyong City	Owned	Good
	Office Building	155 Edsa (SMITS), Ortigas Center, Mandaluyong City	Owned	Good
	2 Dover	620 Lee St., Mandaluyong City	Owned	Good
	Land	San Isidro Road cor. Unnamed road lot, Brgy. Tatalon, Cabuyao, Laguna	Owned	Good
	Land and Building	808 Bldg. Meralco Avenue corner General Lim St. Brgy. San Antonio, Pasig City	Owned	Good
	Land	Along Commerce Avenue Corner Asean Drive and Jakarta Lane, Filinvest Corporate City, Barangay Alabang, Muntinlupa City	Owned	Good
	Land	Brgy. Canlubang and Majada, Calamba City, Laguna	Owned	Good
	Land	Bo. de Fuego, Gen. Trias, Cavite	Owned	Good
	Land	Barrio Sinaliw Munti, Alfonso, Cavite	Owned	Good
	Land	Barangays of Mabatac, Sinaliw and Kaytitinga, Sitios of Amuyong & Haulian, Alfonso, Cavite	Owned	Good
	Land	Brgys. Lourdes and Santiago, Lubao, Pampanga	Owned	Good
	Land	Cagay Road, Barangay Asid, Masbate City	Owned	Good
	Land	Brgy. Tagabuli, Sta. Cruz, Davao del Sur	Owned	Good
	Land	Sitio Landing, Brgy. Darong, Sta. Cruz, Davao del Sur	Owned	Good
	Land	Brgy. Darong, Sta. Cruz, Davao del Sur	Owned	Good
	Land	Brgy. Bato, Sta. Cruz, Davao del Sur	Owned	Good
	Land	Brgy. Yapak, Boracay Island, Malay, Aklan	Owned	Good
	Land / Warehouse (GSMI)	327 Brgy. Prenza-San Fermin, Cauayan City, Isabela	Owned	Good
	Land	471 F. Ortigas St., Brgy. Hagdang Bato Libis, Mandaluyong City	Owned	Good
	Land/Building/Improvements	San Miguel Corporation - Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City	Owned	Good
	Land / Warehouse	Dr. A Santos Ave. (Sucat Road), Parañaque City	Owned	Good

	Company Name / Subsidiary	Address	Rented / Owned	Condition
	Land	Brgy. Boot, Tanauan, Batangas	Owned	Good
	Land	Brgy. Glamang (Silway), Polomolok, South Cotabato	Owned	Good
	Land	Maragondon / Mabacao - Magallanes Road, Brgy. Mabato, Maragondon, Cavite	Owned	Good
	Land	Acacia St., Brgy. Hagdang Bato, Mandaluyong City	Owned	Good
	Emerald 88	Sixto Avenue, Maybunga, Pasig City	Owned	Good
	Land	National Road, Barangay Bunawan, Davao City	Owned	Good
	Land	Crestview Circle, Crestview Heights Subd., Brgy. San Roque, Antipolo City	Owned	Good
	Land	618 Lee Street, Mandaluyong City	Owned	Good
	Land	Barrio Baan, Butuan City	Owned	Good
	Land	Brgy. Tawala, Panglao, Bohol	Owned	Good
	Land	Brgy. Sasa, Davao City	Owned	Good
2	Elite Montagne Realty, Corp. (formerly Bel-Aldea Realty, Inc.)			
	Land and Building	No. 77 IPO St. Brgy. Paang Bundok, La Loma, Quezon City	Owned	Good
3	Bright Ventures Realty, Inc.			
	Dover Hill	A. Marcos cor M.H. del Pilar and A. Mabini Sts., Addition Hills, San Juan City	Owned	Good
	Land	No. 168 Pilar Corner P. Zamora Sts., Brgy. Addition Hills, San Juan City	Owned	Good
4	Brillar Realty and Development Corp.			
	Land	Limbones Island, Brgy. Papaya, Nasugbu, Batangas	Owned	Good
5	Dimanyan Wakes Holdings, Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
6	Busuanga Bay Holdings Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
7	Bulalacao Property Holdings, Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
8	Calamian Prime Holdings, Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
9	Palawan White Sands Holdings Corp.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
10	Coron Islands Holdings, Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
11	Rapidshare Realty and Development Corporation			
	Land	341 Northwestern St., Brgy. Wack-Wack, Greenhills, Mandaluyong City	Owned	Good

	Company Name / Subsidiary	Address	Rented / Owned	Condition
	Land and Building	Ortigas Street, Barangay Wack-Wack, Greenhills, Mandaluyong City	Owned	Good
12	SMC Originals, Inc.			
	Land	Antonio Arnaiz Avenue corner Estacion St., Brgy. Pio del Pilar, Makati City	Owned	Good
13	Silang Resources, Inc.			
	Land	Barangays San Vicente, San Miguel, Biluso and Lucsuhin, Silang, Cavite	Owned	Good
14	Tanauan Resources, Inc.			
	Land / Improvement	No. 34 McKinley Road, Brgy. Forbes Park (North Side), Makati City	Owned	Good
15	SMPI Makati Flagship Realty Corp.			
	Land and Building	117 Legaspi and Gallardo Sts., Legaspi Village, Makati City	Owned	Good
16	Carnell Realty, Inc.			
	One Dover	621 Lee St., Mandaluyong City	Owned	Good
17	Grandioso Realty Corporation			
	Land	National Road, Brgy. Tambler, General Santos City	Owned	Good
18	Sta. Cruz Resource Management, Inc.			
	Land and Building	54 & 50 Hydra St., Bel Air 3, Makati City	Owned	Good
19	Maison 17 Properties, Inc.			
	Makati Diamond Residence	116 Legaspi and Gallardo Sts., Legaspi Village, Makati City	Owned	Good
20	Integrated Geosolutions, Inc.			
	Land	Bo.Diezmo, Cabuyao, Laguna	Owned	Good
21	Tierra Castellanas Devt. Inc.			
	Land	Brgy. Bungoy, Dolores, Quezon	Owned	Good
22	Excel Unified Land Resources Corp.			
	Wedge Woods Subdivision	Silang, Cavite	Owned	Good
23	512 Acacia Holdings, Inc.			
	Land / Improvement	512 Acacia Ave., Ayala Alabang Village Phase II-A, Barangay Alabang, Muntinlupa City	Owned	Good
24	La Verduras Realty Corp.			
	Land / Building	No.38 Gen. Delgado Street, San Antonio Village, Pasig City	Owned	Good
25	First Monte Sierra Realty Corporation			
	Land	Brgy. San Antonio, Basco, Batanes	Owned	Good
26	Lanes and Bi-Ways Realty Corp.			
	Land (Future site of BMW Office)	403 Columbia St., East Greenhills, Mandaluyong City	Owned	Good
27	Premiata Realty, Inc.			
	Land	52 Mercedes cor 61 Aries, Bel Air 3, Makati City	Owned	Good
28	Picanto de Alta Realty Corp.			
	Land	1331 J.P. Laurel St. Brgy. 643 Zone 066, San Miguel District, Manila	Owned	Good

	Company Name / Subsidiary	Address	Rented / Owned	Condition
29	Kingsborough Realty, Inc.			
	Land	37 Gen. Delgado St., San Antonio Village, Pasig City	Owned	Good
30	E- Fare Investment Holdings Inc.			
	Land	Brgy. Biaan, Mariveles, Bataan	Owned	Good
31	Zee2 Resources Inc.			
	Land	82 Cambridge Circle, North Forbes Park, Makati City	Owned	Good
32	Quick Silver Development Corp.			
	Land	50 McKinley Road North Forbes Park Makati City	Owned	Good
33	Uno Clarity Investment Holdings, Inc.			
	Land	Brgy. Bel-Is, Buruanga, Aklan	Owned	Good
34	Roca Pesada Realty Corporation			
	Land	118 Esteban Abada St. Varsity Hills, Quezon City	Owned	Good
35	Casa Sabroso Holdings Inc.			
	Land	Ilongot St. La Vista, Quezon City	Owned	Good
36	Apice Solare Resources Corp.			
	Land	National Road, Barangay Igmaya-an, District 1, Don Salvador Benedicto, Negros Occidental	Owned	Good
37	La Belle Plume Realty, Inc.			
	Land	Brgy. Union, Nabas, Aklan	Owned	Good
	Land	Brgy. Naasog, Malay Aklan	Owned	Good
38	One Wilson Cayenne Holdings, Inc.			
	Land	J. R. Yulo St. Mandaluyong City	Owned	Good
39	Max Harvest Holdings Inc.			
	Land	Brgy. Anyatam, San Ildefonso, Bulacan	Owned	Good
40	Auburnrite Holdings, Inc.			
	Land	Brgy. Mamplasan, Biñan, Laguna	Owned	Good
41	Zobel Polo Club, Inc.			
	Land	Lipa, Batangas City	Owned	Good

Note: All owned properties are free of liens and encumbrances.

ANNEX "C"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Properties, Inc. ("SMPI" or the "Company") and its subsidiaries (collectively referred to as the "Group") as of and for the year ended December 31, 2020 (with comparative figures as of and for the year ended December 31, 2019). All necessary adjustments to present fairly the consolidated financial position, performance and cash flows of the Group as of December 31, 2020, and for all the other years presented, have been made. Certain information and footnote disclosure normally included in the unaudited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2020 KEY TRANSACTIONS

(a) Additional subscription

San Miguel Corporation ("Parent Company") made additional subscriptions to the Company worth P4.8B or equivalent to Two Hundred Forty One Million Three Hundred Ninety Three Thousand Seven Hundred Fifty (241,393,750) common shares at PhP20 per share. PhP4.1B was fully paid in cash while the remaining P0.7B was recorded as subscription receivables. The additional infusion of capital shall be for the funding requirements of the Group's projects and land consolidation in Western Visayas and Southern Luzon.

In view of the foregoing, the Company, has also made the following additional subscriptions to its various wholly-owned subsidiaries: (1) PhP448.5M in La Belle Plume Realty Inc.; (2) PhP278.7M in Moonspring Development Inc.; (3) PhP77.7M in Newscapes Haven Development Inc.; and (4) PhP71.2M in Caticlanscapes Realty Development, Inc. as deposit for future stock subscription.

The aforementioned subscriptions were fully paid during the same period.

(b) Acquisition of properties

The Company, through its subsidiaries, acquired properties located in Western Visayas and Central Luzon amounting to P 601M.

(c) Acquisition of Subsidiary: Auburnrite Holdings, Inc (Auburnrite)

In 2020, the Company acquired 100% ownership of Auburnrite for a total consideration of Five Million Pesos (PhP5,000,000.00), equivalent to Fifty Thousand (50,000) common shares at One Hundred (Php100.00) per share.

Auburnrite owns a parcel of land located in Laguna City classified under Investment Property.

II. FINANCIAL PERFORMANCE

2020 vs. 2019

The Group ended the year 2020 with P295 million net income attributable to the net owners of the Parent Company from P25 million net income last year. This was mainly due to higher rental income and asset management fee this year. The increase in net income was also brought by the decrease in operating expenses by 27% this year.

Real estate sales increased from P541 million to P907 million mainly due to higher sale of properties to related parties this year.

Rental income increased from P404 million to P653 million or 62% mainly due to annual incremental rate and new leasable areas for the year.

Revenue from the Group's hotel business comprising of room revenues, sale of food and beverages, and others decreased by 56%. This was mainly due to the decrease in occupancy rate of Makati Diamond Residences (MDR) from 81.3% to 52.4% attributable to the decline in foot traffic because of the imposed travel restrictions brought about by the outbreak of the new coronavirus disease, COVID-19.

Service income increased by P192 million this year mainly due to the new service contracts provided by the Group to related parties.

Cost of sales increased from P904 million to P1.2 billion primarily due to the increase in real estate sales and service income.

The Group's operating expenses decreased by 27% as compared to last year mainly due to reallocation of manpower cost and contracted services to cost of services rendered to support the service contracts, lower taxes paid in relation to the extension of the Company's corporate life in 2019, reallocation of real property taxes of certain property to cost of rental, decrease in commission due to depleting inventory and impact of COVID19 crisis on sales reservation and lower transportation expense due to travel restrictions imposed by the Government during the pandemic.

Finance cost decreased by 28% due to the lower interest rates from 5.99% to 4.04%.

Finance income decreased by 44% mainly due to fully amortized PAS39 accounts, *Financial Instruments: Recognition and Measurement*, wherein the Group used the simplified model of recognizing lifetime expected credit losses and records interest earned as part of Other Income. In addition, lower interest and penalties earned from real estate customers and lower interest earned from placements also contributed to the decline of Finance income for the year.

Tax expense increased by P43 million this year mainly due to higher taxable income from lower operating expenses and increase of a certain subsidiaries' deferred tax income from net operating loss carry over (NOLCO) incurred this year.

Non-controlling interest increased by P2 million mainly due to higher net loss of a certain subsidiary.

2019 vs. 2018

The Group ended 2019 with P25 million net income attributable to the net owners of the parent company from P291 million in 2018, the decrease is mainly due to profit resulting from the sale of Legacy Homes Inc (LHI) in 2018.

Real estate sales decreased from P629 million to P541 million mainly due to the sale of property to a related party in 2018.

Revenue from the Group's hotel business comprising of room revenues, sale of food and beverages, and others reached P968 million accounting for 50% of the total revenue. This was mainly attributable to the increase in occupancy rate from 78.18% to 85.47% in 2019.

Rental income increased from P362 million to P404 million or 12% mainly due to the new lease contracts and incremental rates in 2019.

Service revenue increased from P20 million to P30 million or 46% mainly due to services rendered to a related party in 2019.

Cost of sales and services decreased by 13% mainly attributed to the reduction in the cost of real estate sold by 43% due the lower real estate sales because of the impact of the depleting inventory and lower cost of the institutional sale of the Company to a related party in 2019. Cost of rental also contributed to the decrease in the cost of sales due to the impact of PFRS 16, *Leases*. However, this was reduced by the increase in cost of room services and food and beverage sold of 6% and 12%, respectively, mainly due to the increase in the improvement of the occupancy rate of Makati Diamond Hotel from 78.18% to 85.47%.

The Group's operating expenses increased by 6% as compared to 2018 mainly due to additional manpower, filing fees incurred by the Company in extending its corporate life, reduced by the provision for receivables set up in 2018.

Finance cost increased by 37% due to the increase in bank charges and interest rates from an average of 3% to 6% on loans availed for land acquisition purposes.

Share in net earnings of associates increased by P260 million mainly due to the higher net income earned by Bank of Commerce (BOC) and Northpine Land, Inc.

Finance income decreased by 9% mainly due to lower interest earned from placements.

Miscellaneous income decreased from P41 million to P13 million mainly due to higher gain on fair value from backout sale in 2018.

Tax expense (benefit) decreased from P3 million benefit to P4 million expense mainly due to the sale of LHI in 2018.

2018 vs. 2017

The Group ended the year with P291 million net income attributable to the net owners of the parent company from P389 million net income in 2017. The decrease was mainly due to the decrease in real estate sales and share in profit of associates, reduced by the gain from the deconsolidation of LHI in 2018.

Real estate sales decreased from P1.3 billion to P629 million mainly due to the depleting inventory and institutional sale to a related party in 2017. The Group's real estate revenue was also affected by the adoption of PFRS 15, Revenue from Contracts with Customers, with a net impact of 197 million coming from the partially booked accounts based on percentage of completion method, reversal of backout sales and prior year revenue that should have been booked in 2018. Hotel revenue increased from P748 million to P886 million mainly due to the increase in occupancy rate from 64.3% to 78.2%. Service income increased by P8 million mainly due to the services rendered to a related party in 2018.

Cost of sales and services decreased by P194 million mainly due to the decrease in real estate sales.

The Group's operating expenses increased by 16% as compared to 2017 mainly due to the additional manpower, higher security charges, and higher business and real property taxes.

Finance cost increased from P346 million to P495 million mainly due to the additional loan availments in 2018.

Share in profit of associates decreased from P327 million to P58 million mainly due to the share in lower net income earned by BOC resulting from increase in personnel expenses, taxes, trading and security losses and impact of PFRS 9, Financial Instruments.

Finance income increased by 34% mainly due to the interest earned from placements.

The Group earned P443 million from the deconsolidation of LHI, a wholly owned subsidiary of SMPI. The Group recognized a gain of P47 million from a similar transaction in 2017.

Miscellaneous income (charges) increased to P41 million income from P24 million charges mainly due to impairment loss of investment and provision for doubtful accounts recognized in 2017 amounting to P58 million.

Tax expense of P236 million turned into a tax benefit of P3 million mainly due to the net operating loss carry over utilization (NOLCO) and income tax on the institutional sale to a related party in 2017.

III. FINANCIAL POSITION

2020 vs. 2019

Cash decreased by 29% mainly due to the payments made for various land acquisition, development cost, payment of bank charges, interest, and taxes, reduced by the collections received for the period and subscription from the Parent Company.

Receivables current and non-current increased by P32% mainly due to the sale of properties to related parties.

Real estate projects decreased from P2.04 billion to P1.5 billion attributable to the increased in real estate sales.

Other current and non-current assets – net increased by 15% mainly due to advance payment of 2021 RPT in December 2020 to avail of discounts and higher input tax on various purchases.

Equity advances and investments in associates increased by 30% due to deposit made on investment by the Company on various entities which are also engaged in the lines of businesses similar to the Group.

Investment property – net increased by 17% mainly due to the additional property acquisition in Western Visayas and Central Luzon.

Property and equipment – net increased by 10% mainly due to construction works in Western Visayas.

Deferred tax assets – net increased by 12% due to the net increase in NOLCO incurred by certain subsidiaries but was reduced by the recognition of deferred tax on leases due to the application of PAS 17*, Leases*.

Trade and other payables increased by 20% mainly due to the various land acquisition, output vat set up for the sale of property and higher retention payable.

Customers' deposit decreased by 18% mainly due to the recognition of sales resulting from the transfer of deposits collected from buyers to receivable.

Income tax payable decreased by P41% mainly due to the availment of optional standard deduction by certain subsidiary.

Retirement benefit obligation decreased by 70% mainly due to contribution made for the year amounting to P9 million, reduced by recognition of retirement cost of P4 million.

Capital stock and additional paid-in capital increased by P4 billion mainly due to the additional subscription of the Parent Company.

Accumulated fair value losses decreased by 38% mainly due to lower unrealized loss recognized on BOC's financial assets at fair value through profit and loss (FVTPL).

Cumulative translation adjustment increased by 142% due to the share in translation adjustments recognized by BOC.

Reserve for retirement plan increased by 23% mainly due to share in remeasurement loss of BOC, reduced by the remeasurement gain of the Company due to the decrease in the number of personnel covered and salary increase rate.

<u>2019 vs. 2018</u>

Cash increased by 104% mainly due to collection and receipt of loan proceeds, additional SMC subscription, reduced by the construction cost for properties in Western Visayas and other projects, and payment for various land acquisition.

Other current assets increased by 11% mainly due to increase in input vat in relation to acquisitions in Western Visayas property.

Deposit on land for future development increased by 22% in 2019 mainly due to the additional deposits made for Western Visayas and Central Luzon properties.

Investment property increased by 11% this year mainly due to additional property acquisitions in Western Visayas, Central Luzon and construction works in Central Luzon.

Property and equipment increased by 23% mainly due to the design and construction cost for the property in Western Visayas, additional assets for Hotel, reduced by the depreciation in 2019.

Deferred tax asset increased by 201% mainly due to the increase in NOLCO for the year for certain subsidiaries, collections received for the sale of property in Central Luzon and reversal of capitalized interest.

Loans and borrowings increased by 20% mainly due to the additional availment of loans for the acquisition of various properties.

Trade and other payables increased by 35% mainly due to the increase in payable of certain subsidiary.

Lease liability current amounting to P10 million was recognized in 2019 due to the new accounting standard PFRS 16, *Lease*.

Customers' deposit increased by 28% mainly due to sale of property to a related party.

Non-current accounts payable decreased by 100% and non-current lease liability amounting to P125 million was recognized mainly due to the adoption of the new accounting standard PFRS 16, *Lease*.

Retirement benefit liability decreased mainly due to the contribution to the retirement fund amounting P26 million, reduced by the recognition of retirement cost and 2019's actuarial valuation amounting to P24 million.

Capital stock and additional paid-in capital increased by P1.14 billion due to the additional subscription of the Parent Company.

Accumulated fair value losses increased by 72% due to the share in the unrealized loss recognized on BOC's financial assets at FVTPL.

Cumulative translation adjustment decreased by 276% due to the share in translation adjustments recognized by BOC.

Reserve for retirement plan decreased by 125% mainly due to the higher share in other comprehensive income of BOC.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movement is shown below:

(In thousands)	December 31		
	2020	2019	2018
Net cash from (used in) operating activities	**P 483,251**	P 337,646	(P 246,911)
Net cash used in investing activities	**(4,798,951)**	(2,136,702)	(2,603,089)
Net cash from financing activities	**3,843,195**	2,625,129	2,401,637

Net cash from operations basically consists of income for the year less changes in noncash current assets, certain current liabilities and others.

Net cash used in investing activities includes the following:

(In thousands)	December 31		
	2020	2019	2018
Additional equity advances	**(2,981,120)**	(3,062)	(3,861)
Additions to investment property	**(1,205,787)**	(871,983)	(1,931,725)
Acquisitions of property and equipment	**(617,626)**	(1,275,297)	(717,054)
Proceeds from disposal of property and equipment	**-**	66	5,026
Interest received	**6,542**	13,187	35,039
Proceeds from sale of investment property	**-**	1,395	-
Acquisition of intangible assets	**(960)**	(1,008)	(597)
Dividends received	**-**	-	10,083
Net cash from (used in) investing activities	**(P 4,798,951)**	(P 2,136,702)	(P2,603,089)

Net cash from financing activities includes the following:

(In thousands)	December 31		
	2020	2019	2018
Proceeds from share issuance of stock	**4,091,985**	1,150,000	1,250,000
Interest paid	**(438,800)**	(598,903)	(399,180)
Net proceeds from borrowings	**213,190**	2,075,730	1,553,634
Share issuance costs paid	**(25,572)**	(5.750)	(6,250)
Collection of lease receivables	**14,461**	14,269	-
Repayment of lease liabilities	**(12,069)**	(10,217)	-
Payments of advances from related parties	**-**	-	3,433
Net cash from financing activities	**P 3,843,195**	P 2,625,129	P 2,401,637

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurement based on the financial data of the current periods against the same period of previous year.

Key Performance Indicators	**December 31, 2020**	December 31, 2019
Current Ratio	**0.49 : 1.00**	0.57 : 1.00
Total Assets to Equity Ratio	**1.56 : 1.00**	1.65 : 1.00
Debt to Equity Ratio	**0.56 : 1.00**	0.66 : 1.00
Return on Average Equity Attributable to Owners of the Parent Company	**1.19%**	0.07%
	Years Ended December 31	
	2020	2019
Volume Growth		
Lease	**1,843.28%**	50.04%
Real Estate Sales	**(24.23%)**	8.99%
Hotel	**(37.97%)**	5.40%
Service Income	**645.06%**	45.78%
Revenue Growth	**13.87%**	2.39%
Operating Margin	**13.06%**	16.35%
Interest Coverage Ratio	**1.94 : 1**	1.39 : 1

The manner by which the Group calculates the above indicators is as follows:

Key Performance Indicators	Formula
Current Ratio	Current Assets Current Liabilities
Total Assets to Equity Ratio	Total Assets Equity + Non-Controlling Interest
Debt to Equity Ratio	Total Liabilities (Excluding deferred tax liabilities) Total Equity (Excluding Accumulated Fair Value Loss, CTA, Dilution Loss and Treasury Shares)
Return on Average Equity	Net Income Attributable to Owners of the Parent Company * Average Equity Attributable to Owners of the Parent Company
Volume Growth	(Sum of all Businesses' Revenue at Prior Period Prices / Prior Period Net Sales) - 1
Revenue Growth	(Current Period Net Sales / Prior Period Net Sales) - 1
Operating Margin	Income from Operating Activities Net Sales
Interest Rate Coverage Ratio	EBITDA Interest Expense and Other Financing Charges

VI. OTHER MATTERS

a. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group:

i. Operating Leases – Group as Lessor

The Group is a lessor under operating leases covering certain real estate properties. The leases have terms ranging from one to five years, with renewal options, and include annual escalation rates of 3% to 7%.

The future minimum lease collections receivable under these operating leases as are presented below.

(In Thousands)		**December 31, 2020**		December 31, 2019
Within one year	**P**	**506,009**	P	443,300
After one year but not more than five years		**957,616**		1,031,935
After five years but not more than ten years		**921,079**		1,444,977
More than ten years		**5,011,805**		4,424,514
	P	**7,369,509**	P	7,344,726

ii. ***Operating Lease – Group as Lessee***

The Group is a lessee under lease agreement covering a certain parcel of land. The lease contract which expired by the end of 2016 and was renewed for another 10 years. In 2019, the Company adopted the new standard PFRS 16, *Leases*.

iii. ***Legal Claims***

In 2007, a provision amounting to P4.6 million in connection with Excel Unified's pending settlement of a dispute regarding a right-of-way (ROW) in its Wedgewoods Subdivision Project was recognized. The provision remains outstanding as of the reporting periods. The Group's management, based on the advice of its legal counsels, believes that the recognized provision with regard to its legal case is reasonable and additional liabilities or losses, if any, that may arise from other claims will not have material effect on its consolidated financial statements.

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	3	7	3	3	8

C O M P A N Y N A M E

SAN MIGUEL PROPERTIES, INC.
AND SUBSIDIARIES

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

3F SAN MIGUEL HEAD OFFICE
COMPLEX 40 SAN MIGUEL AVENUE
WACK WACK MANDALUYONG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
	632-3000	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
909	2ND WEDNESDAY OF MAY	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MARIA ALMA C. GERONIMO	mgeronimo@sanmiguel.com.ph	632-3000	

CONTACT PERSON's ADDRESS

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

__2:__ All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiences shall not excuse the corporation from liability for its deficiencies.

Dialyn S. Fajardo

From: eafs@bir.gov.ph
Sent: Saturday, 10 April 2021 3:16 pm
To: Dialyn S. Fajardo
Cc: Dialyn S. Fajardo
Subject: Your BIR AFS eSubmission uploads were received

Hi SAN MIGUEL PROPERTIES INC,

Valid files

- EAFS000133166ITRTY122020.pdf
- EAFS000133166AFSTY122020.pdf
- EAFS000133166TCRTY122020-02.pdf
- EAFS000133166TCRTY122020-01.pdf
- EAFS000133166TCRTY122020-03.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-3PXY3VTZ097DD9HB8M4S1MQMQ0NZ21TPMS**
Submission Date/Time: **Apr 10, 2021 03:16 PM**
Company TIN: **000-133-166**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

Gmail Kx Ix <kigot.sanmiguel@gmail.com>

SEC CiFSS-OST Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph> Sat, Apr 10, 2021 at 6:44 PM

Greetings!

SEC Registration No: 0000037338
Company Name: SAN MIGUEL PROPERTIES INC.
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City,
1307, Metro Manila, Philippines

SAN MIGUEL
PROPERTIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **San Miguel Properties, Inc. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Ramon S. Ang
Chairman of the Board and President

Karen V. Ramos
General Manager

Maria Alma C. Geronimo
Treasurer

Signed this March 11, 2021

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

SUBSCRIBED AND SWORN TO BEFORE ME, this MAR 16 2021, the following having presented to me their Passport:

	Passport No.	Expiry Date	Place of Issuance
Ramon S. Ang	P2247867B	05/21/29	Manila
Karen V. Ramos	EC8286356	07/14/21	Manila
Maria Alma C. Geronimo	P8644617A	09/05/28	NCR East

Doc. No. 293;
Page No. 60;
Book No. VI;
Series of 2021

BIENVENIDO C. ALDE JR.
Appointment No 0456-19
Notary Public for Mandaluyong City
Until 30 June 2021
Roll No 41478
PTR No 4583204 /1-5-21/Mandaluyong City
IBP Lifetime No 012250

"Annex D"

P&A Grant Thornton
An instinct for growth™

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 22 88

Report of Independent Auditors

The Board of Directors and Stockholders
San Miguel Properties, Inc. and Subsidiaries
(A Subsidiary of San Miguel Corporation)
3rd Floor, San Miguel Head Office Complex
No. 40 San Miguel Ave., Mandaluyong City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of San Miguel Properties, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes management's assessment of the continuing impact on the Group's consolidated financial statements of the business disruptions brought by the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

PUNONGBAYAN & ARAULLO

By: Anthony L. Ng
Partner

CPA Reg. No. 0109764
TIN 230-169-270
PTR No. 8533236, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 109764-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-038-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 11, 2021

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Thousand Philippine Pesos)

	Notes		2020		2019
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	6	**P**	**1,150,550**	P	1,623,055
Receivables - net	7		**494,387**		540,025
Real estate projects	8		**1,482,930**		2,044,712
Raw land inventory	9		**2,583,300**		2,616,146
Other current assets - net	15		**1,552,927**		1,350,453
Total Current Assets			**7,264,094**		8,174,391
NONCURRENT ASSETS					
Receivables	7		**1,082,501**		656,796
Deposits on land for future development	10		**2,113,998**		2,163,896
Equity advances and investments in associates	11		**14,139,889**		10,878,542
Investment properties - net	12		**10,197,475**		8,734,403
Property and equipment - net	13		**6,401,107**		5,837,700
Intangible assets - net	14		**164,673**		164,911
Deferred tax assets	23		**95,241**		85,385
Other noncurrent assets - net	15		**41,072**		41,072
Total Noncurrent Assets			**34,235,956**		28,562,705
TOTAL ASSETS		**P**	**41,500,050**	P	36,737,096

	Notes	2020	2019
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans and borrowings	16	**P 12,646,300**	P 12,433,110
Trade and other payables	17	**1,680,344**	1,404,991
Lease liabilities	18	**14,085**	10,091
Due to related parties	24	**33,357**	33,357
Advance rentals and deposits	24	**237,403**	232,450
Customers' deposits	2	**158,921**	193,529
Income tax payable		**491**	829
Total Current Liabilities		**14,770,901**	14,308,357
NONCURRENT LIABILITIES			
Retirement benefit liability	22	**5,574**	19,532
Lease liabilities	18	**121,894**	125,271
Deferred tax liabilities	23	**66,567**	69,380
Total Noncurrent Liabilities		**194,035**	214,183
Total Liabilities		**14,964,936**	14,522,540
EQUITY			
Equity attributable to owners of the Company			
Capital stock	25	**9,245,952**	7,199,959
Additional paid-in capital	25	**8,714,550**	6,692,697
Treasury shares - at cost	25	**(9,515)**	(9,515)
Accumulated fair value losses	11, 15	**(16,428)**	(26,348)
Cumulative translation adjustment	11	**(6,370)**	(2,627)
Reserve for retirement plan	11, 22	**(223,967)**	(182,711)
Other reserves	25	**(280,515)**	(280,515)
Retained earnings	25	**8,756,755**	8,463,131
Total equity attributable to owners of the Company		**26,180,462**	21,854,071
Noncontrolling interest	5	**354,652**	360,485
Total Equity		**26,535,114**	22,214,556
TOTAL LIABILITIES AND EQUITY		**P 41,500,050**	P 36,737,096

See Notes to Consolidated Financial Statements.

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Thousand Philippine Pesos, Except Per Share Data)

	Notes	2020	2019 (As Restated – see Note 19)	2018 (As Restated – see Note 19)
REVENUES	4			
Real estate sales	24	P 907,328	P 540,985	P 629,299
Rental income	24, 27	653,161	404,335	362,172
Room revenues	24	345,884	716,395	667,417
Service income	24	221,461	29,724	20,390
Sale of food and beverages	24	73,979	218,424	193,384
Others		10,518	33,047	24,950
		2,212,331	1,942,910	1,897,612
COSTS OF SALES AND SERVICES	19			
Real estate sold		658,498	237,085	416,737
Room services		260,559	390,955	369,442
Cost of services		125,588	23,081	18,255
Food and beverages sold		102,649	186,971	167,496
Rentals		82,305	65,426	70,838
		1,229,599	903,518	1,042,768
GROSS PROFIT		982,732	1,039,392	854,844
OTHER OPERATING EXPENSES	20	528,483	721,786	681,189
OPERATING PROFIT		454,249	317,606	173,655
OTHER INCOME (CHARGES)				
Finance costs	21	(487,114)	(679,347)	(495,362)
Share in profit of associates	11	325,595	318,288	58,469
Finance income	21	31,297	55,428	61,240
Miscellaneous income - net	21	12,509	12,874	41,266
Gain on deconsolidation of investments	5	-	-	443,140
		(117,713)	(292,757)	108,753
PROFIT BEFORE TAX		336,536	24,849	282,408
TAX EXPENSE (BENEFIT)	23	47,312	4,488	(3,273)
NET PROFIT		289,224	20,361	285,681
Balance carried forward		P 289,224	P 20,361	P 285,681

	Notes	2020	2019	2018
Balance brought forward		**P 289,224**	P 20,361	P 285,681
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Share in other comprehensive loss of associates	11	**(51,545)**	(87,666)	32,516
Remeasurements of retirement benefit liability	22	**14,700**	(16,899)	(12,098)
Tax benefit (expense)	23	**(4,410)**	5,070	3,629
		10,290	(11,829)	(8,469)
Fair value gains on financial assets at fair value through other comprehensive income	15	**-**	-	2,925
Tax expense	23	**-**	-	(878)
		-	-	2,047
		(41,255)	(99,495)	26,094
Items that will be reclassified subsequently to profit or loss				
Share in other comprehensive income (loss) of associates	11	**6,176**	60,503	(44,586)
		(35,079)	(38,992)	(18,492)
TOTAL COMPREHENSIVE INCOME (LOSS)		**P 254,145**	**(P 18,631)**	P 267,189
Net profit attributable to:				
Equity holders of the Company		**P 295,057**	P 24,664	P 291,455
Noncontrolling interest		**(5,833)**	(4,303)	(5,774)
		P 289,224	P 20,361	P 285,681
Total comprehensive income (loss) attributable to:				
Equity holders of the Company		**P 259,978**	(P 14,328)	P 272,963
Noncontrolling interest		**(5,833)**	(4,303)	(5,774)
		P 254,145	**(P 18,631)**	P 267,189
Earnings Per Share - Basic and Diluted	26	**P 0.37**	P 0.04	P 0.45

See Notes to Consolidated Financial Statements.

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Thousand Philippine Pesos)

	Attributable to Owners of the Parent Company											
	Capital Stock (See Note 25)	**Additional Paid-in Capital** (See Note 25)	**Treasury Shares - at Cost** (See Note 25)	**Accumulated Fair Value Gains (Losses)** (See Notes 11 and 15)	**Cumulative Translation Adjustment** (See Note 11)	**Reserve for Retirement Plan** (See Note 11 and 22)	**Other Reserves** (See Note 25)	**Appropriated Retained Earnings** (See Note 25)	**Unappropriated Retained Earnings** (See Notes 11 and 25)	**Total**	**Noncontrolling Interest** (See Note 5)	**Total Equity**
Balance at January 1, 2020	P 7,199,959	P 6,692,697	(P 9,515)	(P 26,349)	(P 2,626)	(P 182,711)	(P 280,515)	P 4,500,000	P 3,963,131	P 21,854,071	P 360,485	P 22,214,556
Transactions with owners												
Issuance of shares of stock	2,045,993	2,021,853	-	-	-	-	-	-	(1,433)	4,066,413	-	4,066,413
Total comprehensive income (loss) for the year	-	-	-	9,920	(3,743)	(41,256)	-	-	295,057	259,978	(5,833)	254,145
Balance at December 31, 2020	**P 9,245,952**	**P 8,714,550**	**(P 9,515)**	**(P 16,429)**	**(P 6,369)**	**(P 223,967)**	**(P 280,515)**	**P 4,500,000**	**P 4,256,755**	**P 26,180,462**	**P 354,652**	**P 26,535,114**
Balance at January 1, 2019, after effect of adoption of PFRS 16 amounting to P7,900	P 6,624,959	P 6,123,447	(P 9,515)	(P 93,022)	P 1,492	(P 81,164)	(P 280,515)	P 4,500,000	P 3,938,467	P 20,724,149	P 364,788	P 21,088,937
Transactions with owners												
Issuance of shares of stock	575,000	569,250	-	-	-	-	-	-	-	1,144,250	-	1,144,250
Total comprehensive income (loss) for the year	-	-	-	66,673	(4,118)	(101,547)	-	-	24,664	(14,328)	(4,303)	(18,631)
Balance at December 31, 2019	P 7,199,959	P 6,692,697	(P 9,515)	(P 26,349)	(P 2,626)	(P 182,711)	(P 280,515)	P 4,500,000	P 3,963,131	P 21,854,071	P 360,485	P 22,214,556
Balance at January 1, 2018	P 5,999,959	P 5,504,697	(P 9,515)	(P 41,889)	(P 7,102)	(P 105,211)	(P 270,299)	P 4,500,000	P 3,639,112	P 19,209,752	P 370,562	P 19,580,314
Transactions with owners												
Issuance of shares of stock	625,000	618,750	-	-	-	-	-	-	-	1,243,750	-	1,243,750
Acquisition of noncontrolling interest	-	-	-	-	-	-	(10,216)	-	-	(10,216)	-	(10,216)
	625,000	618,750	-	-	-	-	(10,216)	-	-	1,233,534	-	1,233,534
Total comprehensive income (loss) for the year	-	-	-	(51,133)	8,594	24,047	-	-	291,455	272,963	(5,774)	267,189
Balance at December 31, 2018	P 6,624,959	P 6,123,447	(P 9,515)	(P 93,022)	P 1,492	(P 81,164)	(P 280,515)	P 4,500,000	P 3,930,567	P 20,716,249	P 364,788	P 21,081,037

See Notes to Consolidated Financial Statements.

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Thousand Philippine Pesos)

	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 336,536**	P 24,849	P 282,408
Adjustments for:				
Interest expense	21	**425,136**	601,586	421,945
Share in profit of associates	11	**(325,595)**	(318,288)	(58,469)
Depreciation and amortization	20	**201,525**	211,576	199,831
Interest income	21	**(31,297)**	(55,428)	(61,240)
Reversal of impairment loss on receivables	7	**13,404**	-	-
Fair value loss (gain) - net	7, 8	**(7,458)**	11,740	1,657
Impairment loss on receivables	7	**5,000**	16,439	51,361
Loss on derecognition of right-of-use asset	12	**-**	1,571	-
Gain on sale of investment properties	12	**-**	(368)	-
Loss on retirement of property and equipment	13	**-**	155	-
Gain on sale of property and equipment		**-**	(66)	-
Gain on deconsolidation	5	**-**	-	(443,140)
Impairment loss on equity advances	11	**-**	-	3,136
Operating profit before working capital changes		**617,251**	493,766	397,489
Decrease (increase) in receivables		**(392,788)**	26,784	346,719
Decrease in real estate projects		**446,118**	5,104	56,722
Decrease (increase) in deposits on land for future development		**(255,221)**	(389,207)	157,629
Increase (decrease) in trade and other payables		**289,898**	366,038	(705,660)
Increase in other assets		**(204,373)**	(131,936)	(409,153)
Decrease (increase) in raw land inventory		**52,135**	(54,949)	(17,345)
Increase (decrease) in customers' deposits		**(34,608)**	41,785	(4,247)
Increase (decrease) in advance rentals and deposits		**4,953**	3,828	(3,260)
Decrease in retirement benefit liability		**(162)**	(19,406)	(24,147)
Cash generated from (used in) operations		**523,203**	341,807	(205,253)
Interest received		**24,755**	42,241	26,201
Cash paid for income taxes		**(64,707)**	(46,402)	(67,859)
Net Cash From (Used in) Operating Activities		**483,251**	337,646	(246,911)
Balance brought forward		**P 483,251**	P 337,646	(P 246,911)

	Notes	2020	2019	2018
Balance carried forward		**P 483,251**	P 337,646	(P 246,911)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional equity advances	11	**(2,981,120)**	(3,062)	(3,861)
Additions to investment property	12	**(1,205,787)**	(871,983)	(1,931,725)
Acquisitions of property and equipment	13	**(617,626)**	(1,275,297)	(717,054)
Interest received		**6,542**	13,187	35,039
Acquisition of intangible assets	14	**(960)**	(1,008)	(597)
Proceeds from sale of investment properties	12	**-**	1,395	-
Proceeds from disposal of property and equipment	13	**-**	66	5,026
Dividends received		**-**	-	10,083
Net Cash Used in Investing Activities		**(4,798,951)**	(2,136,702)	(2,603,089)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares of stock	25	**4,091,985**	1,150,000	1,250,000
Interest paid	33	**(438,800)**	(598,903)	(399,180)
Net proceeds from borrowings	33	**213,190**	2,075,730	1,553,634
Share issuance costs paid	25	**(25,572)**	(5,750)	(6,250)
Collection of lease receivables	18	**14,461**	14,269	-
Repayment of lease liabilities	18, 33	**(12,069)**	(10,217)	-
Receipts of advances from related parties		**-**	-	3,433
Net Cash From Financing Activities		**3,843,195**	2,625,129	2,401,637
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(472,505)**	826,073	(448,363)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,623,055**	796,982	1,245,345
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 1,150,550**	P 1,623,055	P 796,982

Supplemental Information on Noncash Activities is disclosed in Note 32.

See Notes to Consolidated Financial Statements.

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Thousand Philippine Pesos, Except Per Share Data and Number of Shares)

1. GENERAL INFORMATION

1.1 Corporate Information

San Miguel Properties, Inc. (SMPI or the Company) was incorporated in the Philippines on December 18, 1990 and is 99.80% owned by San Miguel Corporation (SMC or the Intermediate Parent Company). The Company is a public domestic company whose shares of stock were listed in the Philippine Stock Exchange (PSE) until May 6, 2013, when it voluntarily delisted from the PSE. SMC, on the other hand, is a publicly listed domestic company and, through its subsidiaries and associates, is presently engaged in different lines of business including, but not limited to, production, processing and marketing of beverage, food and packaging products, energy, mining, fuel and oil, infrastructure, and management and development of real estate properties. Top Frontier Investment Holdings, Inc. (TFHI), a publicly listed domestic company, is the ultimate parent company.

The Company was incorporated to acquire by purchase, lease, donation and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold investments in real estate of all kinds, and to improve, manage or otherwise deal with or dispose of buildings, houses, apartments and other structure of whatever kind.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to hereafter as the Group). As of December 31, 2020 and 2019, the Company holds interests in the following significant subsidiaries and associates, which were all incorporated in the Philippines:

Company Name	Explanatory Notes	Percentage of Ownership 2020	Percentage of Ownership 2019
Subsidiaries*:			
Bright Ventures Realty, Inc. (Bright Ventures)		**100%**	100%
Carnell Realty, Inc. (Carnell)		**100%**	100%
Caticlanscapes Realty Development, Inc. (Caticlanscapes)		**100%**	100%
E-Fare Investment Holdings, Inc. (E-Fare)		**100%**	100%
Excel Unified Land Resources Corporation (Excel Unified)		**51.50%**	51.50%
La Belle Plume Realty, Inc. (La Belle)		**100%**	100%
Maison 17 Properties, Inc. (Maison)	(a)	**100%**	100%
Moonspring Development, Inc. (Moonspring)		**100%**	100%
Newscapes Haven Development, Inc. (Newscapes)		**100%**	100%
SMPI Makati Flagship Realty Corp. (SMPI Flagship)	(a)	**100%**	100%
Tierra Verdosa Real Estate Services, Inc.		**100%**	100%

Company Name	Explanatory Notes	Percentage of Ownership 2020	2019
Associates:			
Bank of Commerce (BOC)		**39.93%**	39.93%
Northpine Land, Inc. (NLI)		**20%**	20%

* Other subsidiaries not included in the list pertain to subsidiaries that did not produce significant revenues in the current reporting period. All of these subsidiaries (except Integrated Geosolutions, Inc. and Zobel Polo Club, Inc.) are wholly owned by SMPI.

Note –
(a) Maison is an indirect subsidiary of the Parent Company through SMPI Flagship.

As at December 31, 2020 and 2019, the Group's primary real estate projects are the following:

Project	Location
Makati Diamond Residences	Makati City
Asian Leaf	General Trias, Cavite
Bel Aldea	General Trias, Cavite
Maravilla	General Trias, Cavite
Wedgewoods	Silang, Cavite
Dover Hill	San Juan City
One Dover View	Mandaluyong City
Two Dover View	Mandaluyong City
Emerald 88	Pasig City

The subsidiaries and associates of the Company as of December 31, 2020 and 2019 were also incorporated to engage in the development, sale and lease of real estate properties, except for the following:

Name of Subsidiary or Associate	Primary Purpose
BOC	Commercial banking services
SMPI Flagship	Development, management and administration of condominiums, hotels, condominium hotels, serviced apartments, residential or buildings, and other horizontal and vertical developments
Tierra Verdosa Real Estate Services, Inc.	Management and administrative services for property acquisition related activities, such as, but not limited to, purchase, lease, negotiation, mapping, data collection and procurement of lands and other real estate properties

The registered office of the Company and SMC, which is also their principal place of business, is located at the 3rd Floor, San Miguel Head Office Complex, No. 40 San Miguel Ave., Mandaluyong City. The registered office of TFHI, which is also its principal place of business, is located at 5th Floor, ENZO Building, 399 Sen. Gil J. Puyat Avenue, Makati City.

The place of incorporation and the place of operations of the subsidiaries and associates are similar with that of the Company, except for the following subsidiaries and associates that have different registered offices:

Name of Subsidiary or Associate	Registered Address
BOC	San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City
Caticlanscapes, Moonspring, Newscapes	Brgy. Union, Nabas, Aklan
E-Fare	Suite 2404 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City
La Belle	Sitio Mampusa, Brgy. Union, Nabas, Aklan
Maison	Ground Floor P&L Building 116 Legaspi Street, Legaspi Village, Makati City
NLI	15th Floor, The Taipan Place, F. Ortigas, Jr. Rd, Ortigas Center, Pasig City
SMPI Flagship	117 Legaspi St., Legaspi Village, Makati City

1.2 Status of Operations

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the spread of the virus have affected economic conditions and the Group's business operations.

The following are the impact of the COVID-19 pandemic to the Group's business:

- temporary closure of office premises from March 16 to June 1, 2020 and subsequently, upon resumption of operations, implementation of flexible working arrangements;
- limited its hotel operations to accommodating long-staying guests in compliance with community quarantine restrictions pursuant to Inter-Agency Task Force Resolutions;
- shifted its hotel resources as a temporary quarantine facility for returning Overseas Filipino Workers;
- decline in room revenues and sale of food and beverages in 2020 by 52% and 66%, respectively, compared to that of 2019; and,
- incurrence of additional costs to ensure a safe and virus-free environment for both employees and customers.

In response to this matter, the hotel operations negotiated for longer payment terms from suppliers, implemented cost savings measures, such as reduction in marketing and advertising expenses, sought relief in the payment of the annual increase in rent and outsourced services, among others, to manage cash flows. The Group also implemented new occupational safety and health standards to provide a safe and sanitized environment for employees and customers through strict observation of health and safety protocols, retrofitting of office premises, workspaces and areas of operations, and periodic testing of employees to minimize infection within the workplace.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Group would continue to report positive results of operations and remain liquid to meet current obligations as they fall due. Accordingly, management has not determined any material uncertainty that casts significant doubt on the Group's ability to continue as a going concern.

1.3 Approval of Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2020 (including the comparative consolidated financial statements as of December 31, 2019 and for the years ended December 31, 2019 and 2018) were authorized for issue by the Company's Board of Directors (BOD) on March 11, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

In applying the equity method on the Group's investment in BOC in 2018 and prior years, adjustments to BOC's audited financial statements were made to conform its accounting policies to that of the Group's accounting policies in accordance with PFRS (see Note 2.3).

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income, expenses and other comprehensive income or loss in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed. The reclassifications made in 2020 did not result to any changes in the consolidated statement of financial position as of January 1, 2019; hence, was no longer presented (see Note 19).

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values are stated in thousands except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2020 that are Relevant to the Group

The Group adopted for the first time the following pronouncements, which are mandatorily effective for annual periods beginning on or after January 1, 2020:

Conceptual Framework	: Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	: Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 3 (Amendments)	: Business Combinations – Definition of a Business
PFRS 7 and PFRS 9 (Amendments)	: Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform

Discussed below and in the succeeding pages are the relevant information about these pronouncements.

(i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Group's consolidated financial statements.

(ii) PAS 1 *(Amendments), Presentation of Financial Statements, and* PAS 8 *(Amendments), Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendments have also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PFRS 3 *(Amendments), Business Combinations – Definition of a Business.* The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. Also, the amendments will likely result in more acquisitions being accounted for as asset acquisitions. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iv) PFRS 7 *(Amendments), Financial Instruments: Disclosures, and* PFRS 9 *(Amendments), Financial Instruments – Interest Rate Benchmark Reform.* The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(b) *Effective Subsequent to 2020 but not Adopted Early*

There are amendments and improvements to existing standards effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions* (effective from June 30, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

(ii) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(iii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iv) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(vi) PFRS 10 (Amendments*), Consolidated Financial Statements,* and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of arrangements that should be accounted for as a single transaction.

(vii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The improvement merely removes potential for confusion regarding lease incentives.

(c) Philippine Interpretations Committee (PIC) Q&As Relevant to the Real Estate Industry

In 2020, the PIC has issued four PIC Q&As which are relevant to the real estate industry.

- PIC Q&A No. 2020-02, *Conclusion on PIC Q&A No. 2018-12-E: On the Treatment of Materials Delivered on Site but not yet Installed in Measuring the Progress of the Performance Obligation*

  In recognizing revenue using a cost-based input method, the cost incurred for customized materials not yet installed are to be included in the measurement of progress to properly capture the efforts expended by the Group in completing its performance obligation. In the case of uninstalled materials that are not customized, since the Group is not involved in their design and manufacture, revenue should only be recognized upon installation or use in construction.

- PIC Q&A No. 2020-03, *Conclusion on PIC Q&A No. 2018-12-D: On the Accounting Treatment for the Difference when the Percentage of Completion (POC) is Ahead of the Buyer's Payment*

  The difference when the POC is ahead of the buyer's payment can Be accounted for either as a contract asset or receivable. The PIC has concluded that both views are acceptable as long as this is consistently applied in transactions of the same nature. The Group intends to continue its current treatment of accounting for the difference when the POC is ahead of the buyer's payment as a contract asset.

- PIC Q&A No. 2020-04*, Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*

  There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of project, are expected within one year and significant financing component is not expected to be significant. The adoption of this PIC Q&A will be consistent with PIC Q&A 2018-12-D.

- PIC Q&A No. 2020-05*, Accounting for Cancellation of Real Estate Sales (PIC Q&A No. 2020-05 will supersede PIC Q&A No. 2018-14)*

  There are three acceptable approaches in accounting for cancellation and repossession of the property as follows:

  • repossessed property is recognized at fair value less cost to repossess;
  • repossessed property is recognized at fair value plus repossession cost; or,
  • cancellation is accounted for as a modification of the contract.

  The Group accounts for cancellation of sales contract as by recognizing repossessed property is recognized at fair value less cost to repossess; hence, the adoption of this PIC Q&A will not have significant impact in the consolidated financial statements of the Group.

2.3 Basis of Consolidation, Investments in Subsidiaries and Associates and Jointly Controlled Operations

The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expense and cash flows relating to transactions between entities under the Group are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Acquisition of interest in a business entity which does not constitute a business is accounted for as an acquisition of an asset or asset group. Under the asset acquisition accounting, the costs of identifiable assets and liabilities are allocated to individual items based on relative fair values, goodwill or gain on bargain purchase is not recognized and transaction costs are capitalized.

The financial statements of subsidiaries and associates are prepared for the same reporting period as the Group using consistent accounting policies. In 2018 and prior years, certain accounting policies applied by BOC in the preparation of its financial statements are not consistent with the accounting policies applied by the Group. In computing for the Group's share in net profit or loss and in other comprehensive income or loss of BOC, the Group made certain adjustments to the audited financial statements of BOC to be consistent with the Group's accounting policies (see Note 11.1).

The Group accounts for its investments in subsidiaries, associates, joint venture, and noncontrolling interests as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see Note 2.12).

(b) Investment in Associates

Associates are entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method in the consolidated financial statements.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the carrying amount of the Group's investment. Changes resulting from the profit or loss generated by the associates are credited or charged against the Share in Profit of Associates in the profit or loss section of the Group's consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.18).

Changes resulting from other comprehensive income of the associate or items that have been directly recognized in the associate's equity are recognized in the consolidated other comprehensive income of the Group. Any distributions received from the associate (e.g., dividends) are recognized as reduction in the carrying amount of investment in associate. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group recognizes its share on those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

In computing the Group's share in net profit or loss of an associate, unrealized gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a group perspective.

(c) *Transactions with Noncontrolling Interests (NCI)*

The Group's transactions with NCI that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to NCI result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in consolidated profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in consolidated other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in consolidated other comprehensive income are reclassified to consolidated profit or loss.

(d) *Interests in Jointly Controlled Operations*

For interests in jointly controlled operations, the Group recognizes in its consolidated financial statements its share of the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. No adjustment or other consolidation procedures are required since the assets, liabilities, income, and expenses of the joint venture are recognized in the separate financial statements of the venturers.

The Company holds interest in various subsidiaries and associates as presented in Notes 1 and 11.

2.4 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition, except for lease liabilities which are measured based on the present value of the remaining lease payments as if the acquired lease were a new lease at acquisition date and right-of-use assets which are measured at an amount equal to the recognized lease liability, adjusted to reflect favorable or unfavorable lease terms compared with market terms. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.18). Goodwill on acquisitions of subsidiaries is presented under Other Noncurrent Assets account in the consolidated statement of financial position.

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to consolidated profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the consolidated profit or loss or consolidated other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37 either in consolidated profit or loss or as a change to consolidated other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.5 Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(i) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at amortized cost, financial assets at financial assets at fair value through other comprehensive income (FVOCI), and financial assets at fair value through profit or loss (FVTPL). The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of the Group's financial assets are described in the succeeding page.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are "solely payments of principal and interests" (SPPI) on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Receivables (except Advances to contractors) and Contract assets presented under Other Current Assets account, in the statement of financial position.

The Group's financial assets are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as noncurrent assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial Assets at FVOCI

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument by instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The Group has designated equity instruments as at FVOCI on initial recognition.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal cost. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in consolidated other comprehensive income, net of any effects arising from income taxes, and are reported as part of Accumulated Fair Value Gains (Losses) account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Accumulated Fair Value Gains (Losses) account is not reclassified to consolidated profit or loss but is reclassified directly to Retained Earnings account.

Any dividends earned on holding equity instruments are recognized in the consolidated profit or loss as part of Miscellaneous Income (Charges) account under Other Income (Charges) section, when the Group's right to receive dividends is established; it is probable that the economic benefits associated with the dividend will flow to the Group; and, clearly represent recovery of a part of the cost of investment.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of comprehensive income as part of Finance income under Other Income (Charges) account.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost.

A change in the objective of the Group's business model will only take effect at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

At the end of the reporting period, the Group assesses its expected credit losses (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectibility of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for Receivables (except Advances to contractors) and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due (see Note 28.2).

The Group determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which include Loans and Borrowings, Trade and Other Payables (excluding provisions and tax-related liabilities), Due to Related Parties, Lease Liabilities and Rental deposits (presented as part of Advance Rentals and Deposits account), are measured at amortized cost using effective interest rate method. Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges, except capitalized borrowing costs, are recognized as expense in profit or loss as part of Finance costs under Other Income (Charges) account in the consolidated statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of short-term and long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to consolidated profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables, due to related parties and rental deposits are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Group's BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liabilities for at least 12 months after the reporting period. Otherwise, these are presented as noncurrent liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligation is extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in consolidated profit or loss.

(c) *Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.6 Real Estate Projects

The acquisition costs of properties and other costs and expenses incurred to develop the properties are classified as part of Construction-in-progress (CIP) under Real Estate Projects account when the development of the property starts. The related property development costs are then accumulated in this account. When the development of the property has been completed, the accumulated costs of the project are transferred as part of Subdivision houses and lots, which is also presented under Real Estate Projects account in the consolidated statement of financial position.

Cost of real estate sold includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; and, related property development costs are also capitalized by the Group. All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

Costs of real estate sold are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any probable loss from a real estate project is charged to operations during the period in which the loss is determined.

Repossessed property arising from sales cancellation is recognized at fair value less repossession costs. The difference between the carrying amount of the receivable or contract asset to be derecognized and the cost of the repossessed property is recognized as part of Miscellaneous income (charges) account under Other Income (Charges) section in the consolidated statement of comprehensive income.

2.7 Raw Land Inventory

Acquisition costs of raw land intended for sale or development, including other costs and expenses incurred to effect the transfer of title of the property to the Group, are charged to Raw Land Inventory account in the consolidated statement of financial position. When the development of the property starts, the cost of related raw land inventory is then transferred to CIP under Real Estate Projects account in the consolidated statement of financial position (see Note 2.6).

Advance payments for raw land acquisitions intended for sale or development that are still in process of completing the transfer of title of the property to the Group are charged to Deposits on Land for Future Development account in the consolidated statement of financial position.

Costs of raw land inventory are assigned using specific identification of their individual costs. This inventory is carried at the lower of the acquisition cost of the land and net realizable value. Net realizable value for raw land inventory is the estimated selling price in the ordinary course of business, less the estimated costs to sell. Allowance for inventory write-down, if any, is provided when the net realizable value of the property is lower than its carrying amount.

2.8 Inventories

Inventories, which are presented as part of Other Current Assets account, are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. The cost of inventories includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of conversion and the estimated costs necessary to make the sale. Net realizable value of raw materials is the current replacement cost.

2.9 Other Assets

Other current assets, which are mostly considered non-financial assets, pertain to other resources controlled by the Group as a result of past events. They are recognized and classified as current assets in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably. They are subsequently charged to profit or loss as utilized and or reclassified to another asset account, if capitalized.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as other noncurrent assets.

2.10 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, which comprise mainly of land and buildings and related improvements. Buildings and land improvements are carried at cost, net of accumulated depreciation, amortization and any impairment loss. Land, on the other hand, is carried at cost less any impairment in value.

The cost of investment property comprises the acquisition cost or construction cost and other directly attributable costs for bringing the asset to working condition for its intended use. Expenditures for additions and major improvements are capitalized, while expenditures for repairs and maintenance are charged to expense when incurred.

Except for land, which is not depreciated, depreciation and amortization is computed using the straight-line method over the following estimated useful lives of the assets:

Building and improvements	10 to 50 years
Land improvements	5 to 10 years

Capital projects-in-progress under Investment Property pertains to the accumulated costs of putting up assets, additions or improvements. Cost is recognized when materials purchased and services performed in relation to construction have been delivered or rendered. When the asset become available for use, the accumulated cost is transferred to the appropriate investment property account, and depreciation or amortization is recognized based on the estimated useful life of such asset.

The residual values, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period. Fully depreciated and amortized investment property is retained in the accounts until this is no longer in use and no further charge for depreciation and amortization is made in respect of this asset.

Transfers from other accounts (such as property and equipment or raw land inventory) are made to investment property when and only when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party, while transfers from investment property are made when and only when there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property and Equipment account up to the date of change in use (see Note 2.11).

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in consolidated profit or loss (see Note 2.8).

The carrying amount of investment property is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (see Note 2.18).

Policies on rental income and costs incurred from investment property, which are reported within Revenues and Cost of Rentals, respectively, are described in Note 2.15.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the profit or loss section in the consolidated statement of comprehensive income in the period of retirement or disposal.

2.11 Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amount (which is cost less any impairment losses) is not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives of property and equipment are as follows:

Building and improvements	10 to 50 years
Machineries and transportation equipment	5 to 15 years
Furniture, fixtures and other equipment	3 to 5 years

Depending on the circumstances, building improvements are depreciated based on its useful life or lease term, whichever is shorter.

Capital projects-in-progress under Property and Equipment account pertains to the accumulated costs of putting up assets, additions or improvements. This includes costs of construction, applicable borrowing costs (see Note 2.20) and other direct costs. When the asset become available for use, the accumulated cost is transferred to the appropriate property and equipment account, and depreciation is recognized based on the estimated useful life of such asset.

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Fully depreciated and amortized property and equipment are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.18).

An item of property and equipment, including the related accumulated depreciation and amortization and any impairment loss, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in consolidated profit or loss in the year the item is derecognized.

2.12 Intangible Assets

Intangible assets, except goodwill, pertain to software licenses and land use rights, which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Software licenses are amortized on a straight-line basis over the estimated useful lives (ranging from three to five years) as the lives of these intangible assets are considered finite. For land use rights, amortization commences once the development of the project to which the land use rights relate has started, over the estimated length of development of six years. In addition, intangible assets are subject to impairment testing as described in Note 2.18.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are recognized as expense in consolidated profit or loss as incurred.

Costs that are directly attributable to the development phase of new customized software for information technology and telecommunications systems are recognized as intangible assets if, and only if, the Group can demonstrate all of the following recognition requirements:

(i) technical feasibility of completing the prospective product for internal use or sale;

(ii) the intangible asset will generate probable economic benefits through internal use or sale;

(iii) intention and ability to complete, i.e., availability of sufficient technical, financial and other resources necessary for completion, and use or sell the asset; and,

(iv) ability to measure reliably the expenditure attributable to the intangible asset during development.

Development costs not meeting these criteria for capitalization are expensed as incurred. Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs, if any.

The costs of internally generated software developments are recognized as intangible assets; hence, they are subject to the same subsequent measurement method as externally acquired software licenses. Any capitalized internally developed software that is not yet complete is not amortized but is subject to impairment testing in Note 2.18. Amortization commences upon completion of the asset.

When these assets are retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment loss are removed from the accounts. Any resulting gain or loss on derecognition is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

2.13 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.14 Contract Assets and Contract Liabilities

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold (see Note 2.15).

Any rights to consideration recognized by the Group as it develops the property are presented as Contract assets under Other Current Assets account in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets (see Note 2.5).

Contract liabilities are the Group’s obligations to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract liabilities under Trade and Other Payables account in the consolidated statement of financial position.

2.15 Revenue and Cost Recognition

Revenue comprises revenue from sale of real properties, hotel services, sale of food and beverage and other services rendered.

To determine whether to recognize revenue, the Group follows a five-step process:

(a) identifying the contract with a customer;
(b) identifying the performance obligation;
(c) determining the transaction price;
(d) allocating the transaction price to the performance obligations; and,
(e) recognizing revenue when/as performance obligations are satisfied.

The Group determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The Group develops real properties such as subdivision house and lots. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(b). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to consolidated profit or loss.

The following specific recognition criteria must also be met before revenue is recognized:

(a) *Sale of real estate* – For financial reporting purposes, revenues from real estate sales are recognized over time proportionate to the progress of the project development. Under this method, realization of gross profit is recognized by reference to the stage of development of the properties, i.e., revenue is recognized in the period in which the work is performed. This method faithfully depicts the transfer of goods or services because in a sale of real property, not all of the benefits are consumed by the customer until the complete satisfaction of the performance obligation. Revenue recognized from real estate sales is presented under Revenues account in the consolidated statement of comprehensive income.

Revenue, whether from completed or ongoing projects, is recognized when 10% of the total contract price has already been collected. If the transaction does not yet qualify for revenue recognition, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue, payments received from buyers are presented as Customers' Deposits account under the Current Liabilities section of the consolidated statement of financial position.

For tax reporting purposes, revenue on sales and cost of real estate sold are recognized in full when more than 25% of the selling price is collected within the taxable year; otherwise, revenue and costs of real estate sold are recognized based on the percentage of collections over selling price.

(b) *Sale of undeveloped land* – Revenues from transactions covering sale of undeveloped land or raw land inventory are recognized at a point in time. Under this method, the Group recognizes the revenue and cost from sale of undeveloped land in full when 10% or more of the contract price is received. Payments received from buyers which do not meet the revenue recognition criteria are presented as part of Customers' Deposits account under the Current Liabilities section of the consolidated statement of financial position.

For tax reporting purposes, revenue on sales and cost of undeveloped land are recognized in full when more than 25% of the selling price is collected within the taxable year; otherwise, revenue and cost of undeveloped land sold are recognized based on the percentage of collections over selling price.

(c) *Room revenues* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered).

(d) *Sale of food and beverage* – Revenue is recognized as the services are provided over time with the customers.

(e) *Service income* – Revenue is recognized over time when the performance of contractually-agreed upon services have been rendered, as a proportion of the total services to be provided.

(f) *Others* – These revenues pertain to health and laundry services rendered by the Group. Revenue from these transactions are recognized over time when services are rendered and upon delivery to the customer.

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Other Current Assets account and is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis, except any capitalized borrowing costs (see Note 2.20).

The costs of real estate sold include the acquisition cost of the land and development costs incurred for the project (see Notes 2.6 and 2.7).

2.16 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

(i) *Accounting for Leases in Accordance with PFRS 16*

The Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured as if the new standard had been applied since commencement date, but discounted using the lessee's incremental borrowing rate as at the date of initial application. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability and any lease payments made in advance of the lease commencement date.

Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.18).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the consolidated statement of financial position, right-of-use assets are presented as part of either Property and Equipment or Investment Properties account, depending on how the underlying assets would be presented if they were owned by the Group, while lease liabilities is presented as a separate line item under the Current and Noncurrent Liabilities sections in the consolidated statement of financial position.

(ii) Accounting for Leases in Accordance with PAS 17 (2018)

Leases which transfer to the Group substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance costs are recognized in consolidated profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

(b) Group as Lessor

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

In cases of subleases classified as finance leases, the Group derecognizes right-of-use asset pertaining to subleases classified as finance lease and recognizes a corresponding finance lease receivable in its consolidated statement of financial position. The difference between the derecognized right-of-use asset and recognized finance lease receivable is recognized in the consolidated profit or loss.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

For tax reporting purposes, revenue is recognized based on the rental revenue indicated on the lease contract. Advance rentals and rental deposits are immediately recognized as income and subjected to tax in the year received.

2.17 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency of the Group at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in consolidated profit or loss.

2.18 Impairment of Nonfinancial Assets

The Group's investments in associates and equity advances, goodwill (presented as part of Other Noncurrent Assets account), deposits on land for future development, investment property, property and equipment, intangible assets and other nonfinancial assets are subject to impairment testing. Except for goodwill which is tested annually for impairment, all other nonfinancial assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.19 Employee Benefits

The Group provides retirement benefits to all permanent employees under a defined benefit retirement plan and other employee benefits which are recognized as follows:

(a) *Short-term Benefits*

Short-term employee benefits include salaries and wages, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in consolidated profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Trade and Other Payables account in the consolidated statement of financial position.

(b) *Defined Benefit Retirement Plan*

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit retirement plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds, using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are recognized in consolidated other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs or Finance Income in the consolidated statement of comprehensive income.

Past-service costs are recognized immediately in consolidated profit or loss in the period of a plan amendment and curtailment.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Bonus Incentives

The Group recognizes a liability and an expense for bonuses and profit-sharing upon discretionary approval from management, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

2.20 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.21 Income Taxes

Tax expense (benefit) recognized in consolidated statement of comprehensive income comprises the sum of deferred tax and current tax expense (benefit) not recognized in the consolidated other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in consolidated other comprehensive income or directly in consolidated equity are recognized in consolidated other comprehensive income or directly in consolidated equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.22 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded post-employment benefit plan for its employees.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.23 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Accumulated fair value gains (losses) comprise net gains and losses arising from revaluation of financial assets at FVOCI measured at fair value, including the Group's share in the fair value gains (losses) of an associate.

Cumulative translation adjustment represents the Group's share in the translation adjustment recognized in the other comprehensive income of an associate.

Reserve for retirement plan pertains to current and prior year actuarial gains or losses of the defined benefit retirement plan, including the Group's share in the actuarial gains or losses of an associate.

Other reserves include the difference between the costs of acquiring a non-controlling interest (NCI) over the carrying value of the additional Group share in the net assets of subsidiaries. These acquisitions and disposals of part of investment in subsidiaries did not result in gaining or losing of control by the Group.

Retained earnings, both restricted and available for dividend declaration, include all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income.

NCI is the equity in subsidiaries that are not attributable, directly or indirectly, to the Group.

2.24 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Group by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS are computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares. Currently, the Group does not have potential dilutive shares outstanding; hence, the diluted EPS is equal to the basic EPS.

2.25 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Management Committee (ManCom), its chief operating decision maker. The ManCom is responsible for allocating resources and assessing performance of the operating segments. In identifying its operating segments, management generally follows the Group's products and service lines, which represent the main products and services provided by the Group.

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The activities undertaken by the leasing segment includes the leasing of office and commercial spaces (collectively referred to as investment property) to the Intermediate Parent Company, related parties under common control and ownership and third parties. Real estate sales segment includes sale of subdivision house and/or lots and raw land inventory while management services segment includes the management of properties owned by the Intermediate Parent Company and other real estate-related rendered to related parties, such as project and property management, right-of-way assistance and architectural services. Hotel operations segment, on the other hand, include revenues from room and other services, and sale of food and beverages to customers, in relation to their use of the Group's serviced apartment.

The measurement policies for segment reporting under PFRS 8, *Operating Segment*, are the same as those used in the preparation of the consolidated financial statements, except that, share in net profit of associates, finance costs, finance income, gain on sale of assets, tax benefit or expense and miscellaneous income are not included in arriving at the operating profit of the operating segment. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

Financial information on operating segments is presented in Note 4.

2.26 Events After End of the Reporting Period

Any post year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal. Renewal options and/or periods after termination options are only included in the lease term if it is enforceable and are reasonably certain to be extended or not terminated.

For leases of land and building, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract; and, (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The renewal option for the lease of land and building was not included as part of the lease term due to the provisions in its contract that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract, which renders it unenforceable.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) *Determination of Timing of Satisfaction of Performance Obligations*

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

In determining the appropriate method to use in recognizing the Group's revenues, management determines that revenues from sale of subdivision house and lots are recognized over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. Revenue from sale of undeveloped land is recognized at a point in time upon delivery to and receipt of title of the property by customer.

Revenue from hotel operations and rendering of services, are recognized over time when the Group transfers control of the services based on the actual services provided as a proportion of the total services to be provided which demonstrates that the customers simultaneously receive and consume the benefits of the service.

Sale of food and beverage is recognized over time as the services are being rendered to the customers.

(c) *Revenue Recognition*

The Group uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on its assessment of the collection history from customers and number of back-out sales in prior years. Buyer's interest in the property is considered to have vested when the payment of at least 10% of the contract price has been received from the buyer and the Group ascertained the buyer's commitment to complete the payment of the total contract price.

(d) Determination of ECL on Receivables and Contract Assets

The Group uses credit loss rate approach to calculate ECL for contract receivables and contract assets. The provision rates are based on historical credit loss with forward-looking information (i.e., forecast of economic condition). Management determined that there is no required ECL to be recognized on the Group's contract receivables and contract assets since the legal title related to the land and/or house and lot unit sold will only be transferred once the contract receivable has been paid in full. Therefore, there is no expected loss given default as the recoverable amount from subsequent resale of the real estate is sufficient to cover the unpaid outstanding receivables.

Also, the Group uses a provision matrix to calculate ECL for accounts receivables, due from current and former related parties, rental receivables and finance lease receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is based on the Group's historical observed default rates.

The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

Details about the ECL on the Group's receivables and contract assets are disclosed in Note 28.2.

(e) Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying value of the Group's financial assets at FVOCI is disclosed in Note 15.2.

(f) Determination of Departmental Cost Allocation

Relevant to its hotel operations, the Group uses estimates and judgments in properly allocating the fixed charges and undistributed expenses between the cost of room services, cost of food and beverages and other operating expenses. The Group, after assessing its hotel operations as labor intensive, allocates a bigger percentage of its expense to direct cost. However, the amount of costs charged to other departments would differ if the Group utilized a different allocation base. Changes in allocated cost would affect the cost reported for each department.

(g) Distinction Between Investment Property and Owner-occupied Property

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the marketing or administrative functions. Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in marketing or for administrative purposes. If the portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(h) Distinction Between Raw Land Inventory and Investment Property

The Group's management identifies the proper classification of parcels of land acquired as either raw land inventory or investment property at the time of acquisition following the approved plan of the Group and the subsidiaries' respective BODs at the end of each reporting period. A property is classified as raw land inventory when management holds the property for development into a real estate project, while it is classified as investment property when management holds the property to earn rentals or for capital appreciation or for both.

Parcels of land identified as Raw Land Inventory are disclosed in Note 9 while those identified as Investment Properties are presented in Note 12.

(i) Distinction Between Operating and Finance Leases for Contracts as a Lessor

The Group has entered into various lease agreements as either lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Leases entered into by the Group as a lessor are determined to be operating leases, except for leases to certain lessees that qualified as finance lease under sublease agreements [see Note 2.16(b)].

(j) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recording of provisions and contingencies are discussed in Note 2.13 and disclosures on relevant provisions and contingencies are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

Discussed below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligations Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary.

A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Determination of Percentage of Completion

The Group uses the percentage of completion method in accounting for its real estate revenues. The use of the percentage of completion method requires the Group to estimate the stage of completion based on surveys done by the Group's engineers and total costs to be incurred on a per unit basis. If the proportion of the percentage of completed projects or the total estimated costs per project differs from management's estimates, the amount of profit or loss would have changed.

In 2020 and 2019, most of the Group's projects are already completed or are near completion.

(d) Determination of the Amount of Costs Incurred to Obtain or Fulfill a Contract with a Customer

In determining the amount of costs to obtain a contract that should not be capitalized, the Group identifies those costs which would not have been incurred if the contract had not been obtained.

For the costs incurred in fulfilling a contract, the Group recognizes an asset only if those costs related directly to a contract or to an anticipated contract can be specifically identified; those costs generate or enhance the Group's resources that will be used in satisfying performance obligation in the future; and, the Group expects those costs to be recovered.

(e) Determination of Net Realizable Value of Real Estate Projects and Raw Land Inventory

In determining the net realizable value of raw land inventory, management takes into account the most reliable evidence such as recent sale of adjacent properties and appraisal of the asset available at the time the estimate is made. For real estate projects, future realization of the carrying amounts is affected by price changes and action from its competitors. Changes in the sources of estimation may cause significant adjustments to the Group's inventories within the next reporting period.

As indicated in Notes 8 and 9, management assessed that the respective net realizable values of the Group's real estate projects and raw land inventory, respectively, are higher than their respective costs.

(f) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The Group's inventories, which include perishable goods and supplies inventory, are affected by certain factors, which may cause inventory obsolescence. Moreover, future realization of the carrying amounts of inventories as presented in Note 15 is affected by price changes in different market segments of the food industry.

Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period.

(g) Fair Value Measurement of Raw Land Inventory and Investment Property

Raw land inventory is measured at the lower of cost and net realizable value, while the investment property is measured using the cost model. The fair value of raw land inventory and investment property held for capital appreciation or to earn rentals are disclosed in the consolidated financial statements is determined by the Group based on the appraisal reports of professional and independent appraisers, existing bid or offer prices in the market and recent sale of adjacent properties. The fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property, quantity of comparable properties in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets.

The fair value of the Group's raw land inventory and investment properties as of December 31, 2020 and 2019 is disclosed in Notes 9 and 12, respectively.

(h) Estimation of Useful Lives of Investment Properties, Property and Equipment and Intangible Assets

The Group estimates the useful lives of investment properties, property and equipment, and intangible assets, except goodwill, based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Based on management's assessment as of December 31, 2020 and 2019, there is no change in the estimated useful lives of those assets during those years.

Analyses of the carrying amounts of investment properties, property and equipment and intangible assets are presented in Notes 12, 13, and 14, respectively. Actual results, however, may vary due to changes in factors mentioned above.

(i) Valuation of Financial Assets at FVOCI

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. The fair value measurements were determined using quoted market price of equity securities as of the end of the reporting period. However, the amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect consolidated equity.

Fair value gains and losses recognized on financial assets at FVOCI are presented under Fair value Gains on Financial Assets at FVOCI account under Other Comprehensive Income (Loss) section in the 2018 consolidated statement of comprehensive income (see Note 15.2). No fair value gains or losses on financial assets at FVOCI have been recognized in 2020 and 2019, as there were no material changes in their fair values during those years.

(j) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Management assessed that the deferred tax assets as of December 31, 2020 and 2019 will be fully utilized within the prescribed periods, except for the related benefits of net operating loss carry-over (NOLCO), minimum corporate income tax (MCIT) and other temporary differences of certain subsidiaries, as it is expecting that the Group will generate sufficient taxable profits in the future against which the assets can be applied (see Note 23).

(k) Impairment of Nonfinancial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.18). Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Intangible assets with an indefinite useful life, such as goodwill, are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

No impairment losses were necessary to be recognized on deposits on land for future development, investment properties, property and equipment, intangible assets, goodwill, investments in associates and other nonfinancial assets in 2020, 2019 and 2018, based on management's assessment.

However, certain advances to contractors and equity advances were assessed by management as no longer recoverable; hence, were provided with adequate allowance for impairment as of the end of the reporting periods. In 2020, the Group reversed allowance for impairment previously recognized on advances to contractors as management assessed that such portion of the advances would be recoverable (see Notes 7 and 11.2).

(l) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions, as described in Note 22.2, includes, among others, discount rates, salary increase rate and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 22.2.

(m) Assessment of the Acquisition as Business Combinations and Accounting for Transactions under Acquisition Method

The Group assesses whether the acquisition of an entity is a business combination or merely an asset acquisition. The Group accounts for the transaction as business combination if it includes the existing business and contracts of the acquired entities.

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their acquisition date fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment.

4. SEGMENT INFORMATION

As described in Note 2.25, management currently has four operating segments namely: leasing, sale of real estate, management services, and hotel operations. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

4.1 Analysis of Segment Information

Segment information can be analyzed below and in the succeeding page for the years ended December 31, 2020, 2019 and 2018.

	Leasing	Sale of Real Estate	Management Services	Hotel Operations	Eliminations	Total
2020						
Segment revenues	**P 670,722**	**P 907,328**	**P 327,764**	**P 430,380**	**(P 123,863)**	**P 2,212,331**
Cost of real estate sold	**-**	**(658,498)**	**-**	**-**	**-**	**(658,498)**
Cost of rentals	**(82,305)**	**-**	**-**	**-**	**-**	**(82,305)**
Cost of room services	**-**	**-**	**-**	**(265,099)**	**4,540**	**(260,559)**
Cost of food and beverage sold	**-**	**-**	**-**	**(102,649)**	**-**	**(102,649)**
Cost of service	**-**	**-**	**(229,313)**	**-**	**103,725**	**(125,588)**
Other operating expenses	**(107,603)**	**(283,365)**	**(55,693)**	**(92,028)**	**10,206**	**(528,483)**
Segment Operating Profit (Loss)	**P 480,814**	**(P 34,535)**	**P 42,758**	**(P 29,396)**	**(P 5,392)**	**P 454,249**
Total Segment Assets	**P 11,522,690**	**P 15,475,343**	**P 773,992**	**P 3,896,462**	**(P 4,525,431)**	**P 27,143,056**
Total Segment Liabilities	**P 2,366,247**	**P 11,410,934**	**P 61,742**	**P 2,967,647**	**(P 1,947,623)**	**P 14,858,947**

	Leasing	Sale of Real Estate	Management Services	Hotel Operations	Eliminations	Total
2019, as restated (see Note 19)						
Segment revenues	P 421,856	P 540,985	P 119,555	P 968,399	(P 107,885)	P 1,942,910
Cost of real estate sold	-	(237,085)	-	-	-	(237,085)
Cost of rentals	(65,426)	-	-	-	-	(65,426)
Cost of service	-	-	(23,081)	-	-	(23,081)
Cost of room services	-	-	-	(395,968)	5,013	(390,955)
Cost of food and beverage sold	-	-	-	(186,971)	-	(186,971)
Other operating expenses	(275,360)	(358,161)	(56,071)	(123,000)	90,806	(721,786)
Segment Operating Profit	P 81,070	(P 54,261)	P 40,403	P 262,460	(P 12,066)	P 317,606
Total Segment Assets	P 9,939,539	P 18,466,623	P 617,263	P 386,665	(P 3,758,786)	P 25,651,304
Total Segment Liabilities	P 2,598,272	P 10,244,949	P -	P 2,766,897	(P 1,210,676)	P 14,399,442

	Leasing	Sale of Real Estate	Management Services	Hotel Operations	Eliminations	Total
2018, as restated (see Note 19)						
Segment revenues	P 379,645	P 654,676	P 108,059	P 886,115	(P 130,883)	P 1,897,612
Cost of real estate sold	-	(427,279)	-	-	10,542	(416,737)
Cost of rentals	(70,838)	-	-	-	-	(70,838)
Cost of service	-	-	(18,255)	-	-	(18,255)
Cost of room services	-	-	-	(385,149)	15,707	(369,442)
Cost of food and beverage sold	-	-	-	(167,496)	-	(167,496)
Other operating expenses	(219,635)	(378,748)	(44,260)	(126,837)	88,291	(681,189)
Segment Operating Profit (Loss)	P 89,172	P 151,351	P 45,544	P 206,633	(P 16,343)	P 173,655
Total Segment Assets	P 10,515,158	P 11,477,034	P 104,816	P 4,006,558	(P 3,906,241)	P 22,197,325
Total Segment Liabilities	P 1,357,075	P 7,966,846	P -	P 2,975,706	(P 513,816)	P 11,785,811

Currently, the Group's operations are concentrated in few locations which are in close proximity with each other; hence, it has no geographical segment. The Group, however, continues to acquire properties in different regions of the country, as potential locations for its real estate projects, investment properties or hotels and serviced apartments.

In 2019, a related party under common ownership bought parcels of raw land inventory for a total consideration of P207,709. The revenue earned from this transaction accounts for 11% of the total revenues reported in the 2019 consolidated statements of comprehensive income. There was no similar transaction in 2020 and 2018.

Segment assets include all operating assets used by a segment and consist principally of operating cash, real estate projects, raw land inventory, investment property, property and equipment and deposits on land for future development. Excluded from segment assets are deferred tax assets, equity advances and investments in associates, goodwill and other assets which are considered corporate assets and are not allocated to any segment's assets. Segment liabilities include all operating liabilities incurred by management in each particular segment. Excluded from segment liabilities are due to related parties, retirement benefit liability, income tax payable and deferred tax liabilities.

4.2 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2020	2019	2018
Total segment assets	**P 27,143,056**	P 25,651,304	P 22,197,325
Equity advances and investments in associates	**14,139,889**	10,878,542	10,584,355
Receivables – net	**80,791**	80,793	134,641
Deferred tax assets	**95,241**	85,385	28,371
Goodwill	**27,463**	27,462	27,462
Other assets	**13,610**	13,610	13,610
Group Total Assets	**P 41,500,050**	P 36,737,096	P 32,985,764

	2020	2019	2018
Total segment liabilities	**P 14,858,947**	P 14,399,442	P 11,785,811
Due to related parties	**33,357**	33,357	33,357
Deferred tax liabilities	**66,567**	69,380	63,369
Retirement benefit liability	**5,574**	19,532	21,393
Income tax payable	**491**	829	797
Group Total Liabilities	**P 14,964,936**	P 14,522,540	P 11,904,727

The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

5. INTEREST IN SUBSIDIARIES

5.1 Subsidiary with Material NCI

The following shows the subsidiaries of the Group with material NCI:

Name	Proportion of Ownership Interest and Voting Rights Held by NCI		Profit (Loss) Allocated to NCI		Accumulated NCI	
	2020	2019	**2020**	2019	**2020**	2019
Geosolutions –						
Individual stockholders	**31.70%**	31.70%	**(P 4,034)**	(P 4,127)	**P 176,099**	P 180,133
Excel Unified:						
Equitable PCI Bank						
Trust Fund	**14.50%**	14.50%	**446**	12	**49,380**	48,934
Far East Bank and						
Trust Fund Company	**7.50%**	7.50%	**231**	6	**25,541**	25,310
Individual stockholders	**26.50%**	26.50%	**814**	21	**90,242**	89,428

The summarized financial information of Excel Unified and Geosolutions, before intragroup eliminations, is shown below.

	2020	2019
Current assets	**P 1,014,305**	P 1,011,998
Noncurrent assets	**4,715**	6,310
Total assets	**P 1,019,020**	P 1,018,308
Current liabilities	**P 270,701**	P 251,480
Noncurrent liabilities	**5,867**	8,578
Total liabilities	**P 276,568**	P 260,058
Equity attributable to owners of the Group	**P 476,173**	P 486,447
NCI	**P 266,279**	P 271,803

	2020	2019
Net sales	**P 4,567**	P 206
Total comprehensive loss for the year attributable to owners of the Group	**(P 10,275)**	(P 8,851)
Total comprehensive loss for the year attributable to NCI	**(5,525)**	(4,088)
Total comprehensive loss for the year	**(P 15,800)**	(P 12,939)

The NCI of Excel Unified and Geosolutions did not have any cash inflow or outflow over the years presented.

5.2 Loss of Control over Subsidiaries

In 2018, the Group disposed its investments over Legacy Homes, Inc., thereby losing control. The aggregate carrying amount of net assets of the entities at the date of disposal is as follows:

Current assets (excluding cash)	P	40,647
Non-current assets		702,593
Current liabilities	(	134,427)
Share in net profit before disposal	(	21,564)
Total net assets		587,249
Total consideration received in cash		1,030,389
Gain on deconsolidation	P	443,140

Gain on deconsolidation of investments is presented under Other Income (Charges) account in the 2018 consolidated statements of comprehensive income. There was no similar transaction in 2020 and 2019.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31 are as follows:

	2020		2019	
Cash on hand and in banks	**P**	**891,757**	P	588,561
Short-term placements		**258,793**		1,034,494
	P	**1,150,550**	P	1,623,055

Cash in banks are unrestricted and readily available for use in the operations of the Group. These generally earn interest based on daily bank deposit rates (see Note 21.2).

The Group's short-term placements are made for varying periods of up to two months depending on the immediate cash requirements of the Group and earn effective annual interest ranging from 0.25% to 3.25% in 2020, 1.50% to 5.38% in 2019, and 1.63% to 5.25% in 2018 (see Note 21.2).

7. RECEIVABLES

This account is composed of the following:

	Notes	2020	2019
Current:			
Contract receivables	7.1, 24	**P 323,520**	P 337,667
Rental receivables	24	**11,152**	57,427
Advances to contractors		**100,699**	107,434
Due from current and former related parties	24	**40,951**	33,662
Finance lease receivables	18	**8,758**	7,997
Other receivables	7.2	**152,428**	147,363
		637,508	691,550
Allowance for impairment		**(143,121)**	(151,525)
		494,387	540,025
Noncurrent:			
Contract receivables	7.1	**545,006**	47,617
Finance lease receivables	18	**60,512**	69,269
Advances to contractors		**476,983**	539,910
		1,082,501	656,796
		P 1,576,888	P 1,196,821

All of the Group's receivables have been assessed for impairment using ECL methodology. In 2020, 2019 and 2018, certain receivables were found to be impaired and allowance for impairment has been recognized accordingly. The impaired receivables are mostly due from various third parties with past due accounts. The related loss amounted to P5,000, P16,439 and P51,361, respectively, and is presented under Other Operating Expenses section in the consolidated statements of comprehensive income. In 2020, the Group reversed a portion of the impairment previously recognized amounting to P13,404 as management assessed that such portion will be recoverable. The gain recognized is presented as part of Miscellaneous Income under Other Income (Charges) – net section of the 2020 consolidated statement of comprehensive income (see Note 21.3).

A reconciliation of the allowance for impairment at the beginning and end of 2020 and 2019 is shown below.

	Note	2020	2019
Balance at beginning of year		**P 151,525**	P 135,086
Impairment losses	20	**5,000**	16,439
Reversal of impairment		**(13,404)**	-
Balance at end of year		**P 143,121**	P 151,525

7.1 Contract Receivables

Contract receivables generally arise from sale of real estate projects and certain raw land inventories of the Group.

The contract receivables of the Group are collectible over a maximum period of ten years and are classified as either interest-bearing, the interest rate of which ranges from 9.0% to 16.0% per annum, or noninterest-bearing, which are measured at amortized cost using the discount rate ranging from 7.0% to 11.5% based on the interest charged by certain financial institutions to retail borrowers.

The fair value of sales on noninterest-bearing contracts are determined by calculating the present value of the cash inflows anticipated to be received until the end of the contract term using the effective interest rate. This resulted in the recognition of fair value losses, which is charged to Real Estate Sales account for the portion pertaining to contract price, amounting to P5,415, P19,500 and P16,931 in 2020, 2019 and 2018, respectively.

Interest income from unwinding the fair value losses on sales on noninterest-bearing contract receivables are presented as part of Interest income under Finance Income account in the consolidated statements of comprehensive income (see Note 21.2).

The corresponding titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Management believes that these receivables are fully recoverable through collection of the accounts or repossession of the properties considering that the title has not yet been transferred to the buyers.

7.2 Other Receivables

Other receivables represent receivables from various individuals and companies arising from transactions related to the sale and lease of properties such as penalties and interest, claims from the homeowners' associations of their real estate projects, and other expenses paid by the Group on behalf of the said associations.

8. REAL ESTATE PROJECTS

This account, which are all stated at cost, consists of:

	2020	2019
Subdivision houses and lots	**P 1,040,442**	P 1,052,563
CIP	**442,488**	992,149
	P 1,482,930	P 2,044,712

The movements of this account are as follows:

	Notes	**2020**	2019
Balance at the beginning of year		**P 2,044,712**	P 1,984,081
Additions during the year		**158,817**	290,932
Sales during the year	19, 20	**(604,935)**	(230,301)
Reclassification	12, 13	**(115,664)**	-
Balance at the end of year		**P 1,482,930**	P 2,044,712

In 2020, 2019 and 2018, the Group recognized gain from repossession of inventory amounting to P12,873, P7,760 and P15,274, respectively, and is presented as part of Miscellaneous Income (Charges) account under Other Income (Charges) section in the consolidated statements of comprehensive income (See Note 21.3).

The net realizable value of real estate projects is higher than its carrying value as of December 31, 2020 and 2019, based on management's assessment.

9. RAW LAND INVENTORY

Below is a summary of the aggregate cost of raw land inventory as of December 31 being held by the Parent Company and its subsidiaries.

	2020	2019
SMPI	**P 1,341,330**	P 1,375,072
Geosolutions	**605,923**	605,923
Rapidshare	**229,806**	229,806
Excel Unified	**117,736**	117,595
Grandioso Realty	**71,202**	71,202
Brillar Realty	**45,839**	45,584
First Monte Sierra Realty	**43,924**	43,424
Coron Islands	**36,662**	36,662
Tierra Castellanas	**25,068**	25,068
Busuanga Bay	**22,096**	22,096
Dimanyan Wakes	**16,259**	16,259
Elite Montagne	**11,609**	11,609
Bulalacao Property	**7,656**	7,656
Calamian Prime	**5,201**	5,201
Palawan White Sands	**2,989**	2,989
	P 2,583,300	P 2,616,146

An analysis of the carrying amounts of raw land inventory is presented below.

	Notes	**2020**	2019
Balance at beginning of year		**P 2,616,146**	P 2,624,031
Disposal	19, 20	**(53,563)**	(6,784)
Reclassification	12	**19,289**	(2,200)
Additions		**1,428**	1,099
Balance at end of year		**P 2,583,300**	P 2,616,146

In 2020 and 2019, the Company and certain subsidiaries incurred costs to effect transfer of the titles of certain properties. The costs were capitalized as part of Raw Land Inventory account in the consolidated statements of financial position.

In 2020, the Group reclassified a parcel of land originally recognized as part of Investment Properties to Raw Land Inventory due to change of use from being held for capital appreciation to being held principally for sale. Such property was subsequently sold in 2020. In 2019, the Group started leasing out one of its properties originally presented as part of Raw Land Inventory account. Due to the change in use, the property was reclassified to Investment Properties account in the 2019 consolidated statement of financial position (see Note 12).

Management determined that these properties have a total fair value of P10,713,157 and P10,739,644 as of December 31, 2020 and 2019, respectively. Fair value is determined by independent appraisers through appraisal reports, or from existing bid or offer prices, and from recent sale of adjacent properties.

Information about the fair value measurement and disclosures related to raw land inventories are presented in Note 30.4.

10. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

This account includes the Group's advance payments for certain land acquisitions which are intended for future development.

In prior years, the Group made contributions to a real estate project with other domestic companies for the development of two parcels of subdivided lots in two separate locations. The contributions to this project, which amounted to P561,111, are being administered by a trustee bank, the real estate manager. The Group, through its property consolidator and legal consultant (the Consultant) has already completed the documentations, consolidation and transfer of title under its name of a portion of one of the two parcels of subdivided lots. Those subdivided lots amounting to P50,500 were presented under Raw Land Inventory account in prior years.

Based on the advice by the Consultant, management believes that it will take a long period of time to complete the documentation process, consolidation of the titles and other activities relative to the acquisition of the remaining portion of subdivided lots. These activities are not yet completed as of December 31, 2020. Accordingly, the Group presented the outstanding balance of deposits as of December 31, 2020 and 2019 amounting to P573,282 and P572,798, respectively, as part of Deposits on Land for Future Development account under the Noncurrent Assets section of the consolidated statements of financial position.

The movements in the carrying amounts as of December 31, 2020 and 2019 of deposits on land for future development are presented below.

	Note	**2020**	2019
Balance at beginning of year		**P 2,163,896**	P 1,774,689
Additions		**255,221**	389,207
Reclassifications	12	**(305,119)**	-
Balance at end of year		**P 2,113,998**	P 2,163,896

Based on management's evaluation, the recoverable value of deposits on land for future development is higher than its carrying amount as of December 31, 2020 and 2019.

11. EQUITY ADVANCES AND INVESTMENTS IN ASSOCIATES

The composition of equity advances and investments in associates account is as follows as of December 31:

	Note	2020	2019
Investments in associates	11.1	**P 10,285,417**	P 10,005,190
Equity advances – net	11.2	**3,854,472**	873,352
		P 14,139,889	P 10,878,542

11.1 Investments in Associates

Investments in associates as of December 31, 2020 and 2019, accounted for under the equity method, is as follows:

	2020	2019
Acquisition costs:		
BOC	**P 7,801,496**	P 7,801,496
NLI	**232,000**	232,000
	8,033,496	8,033,496
Accumulated share in total comprehensive income at beginning of the year:		
BOC	**1,763,754**	1,518,706
NLI	**207,941**	161,864
	1,971,695	1,680,570
Share in profit:		
BOC	**303,509**	272,211
NLI	**22,086**	46,077
	325,595	318,288
Share in other comprehensive income (loss) of BOC:		
Equity reserve for retirement plan	**(51,545)**	(89,718)
Fair value gains on financial assets through FVOCI	**9,920**	66,673
Cumulative translation adjustment	**(3,743)**	(4,118)
	(45,368)	(27,163)
Net change during the year	**280,227**	291,125
Accumulated share in total comprehensive income at end of the year:		
BOC	**2,021,894**	1,763,754
NLI	**230,027**	207,941
	2,251,921	1,971,695
	P 10,285,417	P 10,005,191

The summarized financial information of the Group's associates shown in their financial statements, are as follows:

	2020	2019
BOC		
Total assets	**P 170,920,681**	P 145,033,286
Total liabilities	**154,154,219**	128,938,294
Revenues	**6,280,081**	6,532,238
Profit	**784,434**	652,723
Other comprehensive income	**(113,622)**	68,516
NLI		
Total assets	**P 3,747,912**	P 3,782,131
Total liabilities	**1,368,623**	1,511,805
Revenues	**974,463**	1,181,528
Profit	**110,429**	230,383

The reconciliation of the above summarized financial information to the share in profit of associates recognized in the consolidated statements of comprehensive income is presented below.

	2020	2019
BOC		
Profit	**P 784,434**	P 652,723
Intercompany adjustments	**(24,331)**	28,998
Profit, after adjustments	**760,103**	681,721
Equity ownership interest	**39.93%**	39.93%
Share in profit of BOC	**P 303,509**	P 272,211
NLI		
Profit	**P 110,429**	P 230,383
Equity ownership interest	**20.00%**	20.00%
Share in profit of NLI	**P 22,086**	P 46,077

As discussed in Note 2.3, in 2018 and previous years, certain accounting policies applied by BOC are not consistent with the accounting policies applied by the Group. These include: (a) measurement of investment property using fair value model; and, (b) measurement of property and equipment using revaluation model. Accordingly, certain adjustments were made by the Group to the audited financial statements of BOC to be consistent with the Group's accounting policies.

However, in 2019, BOC changed its accounting policies in measuring its investment property and property and equipment from revaluation model to cost model. Since the Group has already been recognizing BOC's investment property and property and equipment using cost model in the Group's consolidated financial statements, differences arising from BOC's restatement were applied prospectively by the Group since management assessed that such differences mainly arose from changes in accounting estimates.

BOC is required to meet certain ratios under the Bangko Sentral ng Pilipinas (BSP) regulations to manage the risks inherent in the banking business. As of the end of the reporting periods, BOC has complied with the statutory and regulatory capital requirements which were computed based on the regulatory accounting policies that differ from PFRS in some aspects. BOC's retained earnings as of the end of the reporting periods is restricted from dividend declaration to common stockholders to the extent of the amount of cumulative cash dividend in arrears of P320,200 declared by BOD on December 16, 2008 in favor of the stockholders of certain redeemed preferred shares.

11.2 Equity Advances

This account includes cash advances granted to future investees of the Group. These advances will be applied against future subscriptions of the Group to the shares of stock of the future investee companies.

In 2018, certain equity advances were provided with allowance for impairment as the management assessed that certain portion were no longer recoverable. The related impairment loss amounted to P3,136 is presented as part of Miscellaneous Income (Charges) account under Other Income (Charges) section in the 2018 consolidated statements of comprehensive income. There was no additional impairment assessed on equity advances in 2020 and 2019. Total allowance for impairment as of December 31, 2020 and 2019 amounts to P79,452.

The movements of these equity advances are presented below.

	Note	**2020**	2019
Balance at beginning of year		**P 873,352**	P 870,290
Additions	34.1	**2,981,120**	3,062
Balance at end of year		**P 3,854,472**	P 873,352

12. INVESTMENT PROPERTIES

The gross amounts and accumulated depreciation and amortization of investment properties at the beginning and end of 2020 and 2019 are shown below.

	Land	Land Improvements	Building and Improvements	Capital Projects-in-Progress	Right-of-use Assets	Total
December 31, 2020						
Cost	P 9,265,738	P 22,866	P 1,274,204	P 75,108	P 61,461	P 10,699,377
Accumulated depreciation and amortization	-	(5,643)	(483,367)	-	(12,892)	(501,902)
Net carrying amount	**P 9,265,738**	**P 17,223**	**P 790,837**	**P 75,108**	**P 48,569**	**P 10,197,475**
December 31, 2019						
Cost	P 7,921,469	P 22,866	P 1,172,196	P 35,489	P 48,775	P 9,200,795
Accumulated depreciation and amortization	-	(4,969)	(455,294)	-	(6,129)	(466,392)
Net carrying amount	P 7,921,469	P 17,897	P 716,902	P 35,489	P 42,646	P 8,734,403
January 1, 2019						
Cost	P 7,083,313	P 20,953	P 1,074,947	P 104,924	P 52,255	P 8,336,392
Accumulated depreciation and amortization	-	(4,344)	(434,241)	-	-	(438,585)
Net carrying amount	P 7,083,313	P 16,609	P 640,706	P 104,924	P 52,255	P 7,897,807

A reconciliation of the carrying amounts of investment property at the beginning and end of 2020 and 2019 is shown below.

	Land	Land Improvements	Building and Improvements	Capital Projects-in-Progress	Right-of-use Assets	Total
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 7,921,469	P 17,897	P 716,902	P 35,489	P 42,646	P 8,734,403
Additions	1,087,152	-	66,335	39,624	12,686	1,205,797
Reclassifications	257,117	-	56,900	(5)	-	314,012
Depreciation and amortization charges during the year	-	(674)	(49,300)	-	(6,763)	(56,737)
Balance at December 31, 2020, net of accumulated depreciation and amortization	P 9,265,738	P 17,223	P 790,837	P 75,108	P 48,569	P 10,197,475
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 7,083,313	P 16,609	P 640,706	P 104,924	P 52,255	P 7,897,807
Additions	835,956	608	25,260	10,159	-	871,983
Reclassifications	2,200	1,305	78,289	(79,594)	-	2,200
Derecognition	-	-	-	-	(3,170)	(3,170)
Disposals	-	-	(1,027)	-	-	(1,027)
Depreciation and amortization charges during the year	-	(625)	(26,326)	-	(6,439)	(33,390)
Balance at December 31, 2019, net of accumulated depreciation and amortization	P 7,921,469	P 17,897	P 716,902	P 35,489	P 42,646	P 8,734,403

On September 2019, the Group derecognized certain right-of-use asset with a carrying amount of P3,170 after the related sublease qualified as a finance lease. The related loss on derecognition was presented as part of Miscellaneous account under Other Operating Expenses section in the 2019 consolidated statement of comprehensive income (see Notes 19 and 20).

In 2020, the Group reclassified certain deposit on land for future development and real estate projects amounting to P305,119 and P26,293, respectively, to Investment Properties account (see Note 10). Such reclassification arose from the completion of the acquisition of the parcels of land, and change in use over the property to being held for rentals or capital appreciation, respectively. On the other hand, certain investment properties amounting to P19,289 were reclassified to Raw Land Inventory, as the property is expected to be principally recovered from sale rather than being held for capital appreciation (see Note 9).

Depreciation charges are reported as part of Depreciation and amortization under Cost of Rentals account and Other Operating Expenses section in the consolidated statements of comprehensive income (see Notes 19 and 20).

The total rental income earned from investment property and the related costs are presented as Rental Income and Cost of Rentals accounts, respectively, in the consolidated statements of comprehensive income (see Notes 19 and 27.1). On the other hand, the direct operating costs of investment properties that did not generate rental income, which mostly pertain to real property taxes, amounted to P78,892, P56,152 and P53,887 in 2020, 2019 and 2018, respectively.

The Group also engages in transactions with related parties involving certain investment properties (see Note 24).

Based on the recent reports of independent appraisers, the Group's investment properties have a total fair value of P47,171,465 and P46,021,637 as of December 31, 2020 and 2019, respectively.

Information about the fair value measurement and disclosures related to investment property are presented in Note 30.4.

No investment properties have been pledged as security for any liability of the Group.

13. PROPERTY AND EQUIPMENT

The gross amounts and accumulated depreciation, amortization and impairment of property and equipment at the beginning and end of 2020 and 2019 are shown below.

	Land	Building and Improvements	Machineries and Transportation Equipment	Furniture Fixture and Other Improvements	Capital Projects in-Progress	Right-of-use Asset	Total
December 31, 2020							
Cost	P 693,017	P 3,399,944	P 58,841	P 596,595	P 2,553,895	P 907	P 7,303,199
Accumulated depreciation and amortization		(360,075)	(12,439)	(529,392)		(186)	(902,092)
Net carrying amount	**P 693,017**	**P 3,039,869**	**P 46,402**	**P 67,203**	**P 2,553,895**	**P 721**	**P 6,401,107**
December 31, 2019							
Cost	P 693,017	P 3,382,046	P 44,016	P 582,359	P 1,897,350	P 907	P 6,599,695
Accumulated depreciation and amortization	-	(292,176)	(11,808)	(456,898)	-	(93)	(760,975)
Accumulated impairment loss	-	(1,020)	-	-	-		(1,020)
Net carrying amount	P 693,017	P 3,088,850	P 32,208	P 125,461	P 1,897,350	P 814	P 5,837,700
January 1, 2019							
Cost	P 693,017	P 3,359,991	P 13,673	P 546,895	P 713,231	P 907	P 5,327,714
Accumulated depreciation and amortization	-	(226,131)	(10,089)	(352,697)	-	-	(588,917)
Accumulated impairment loss	-	(1,020)	-	-	-	-	(1,020)
Net carrying amount	P 693,017	P 3,132,840	P 3,584	P 194,198	P 713,231	P - 907	P 4,737,777

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2020 and 2019 is shown below.

	Land	Building and Improvements	Machineries and Transportation Equipment	Furniture Fixture and Other Improvements	Capital Projects in-Progress	Right-of-use Asset	Total
Balance at January 1, 2020, net of accumulated depreciation, amortization, and impairment	P 693,017	P 3,088,850	P 32,208	P 125,461	P 1,897,350	P 814	P 5,837,700
Additions	-	1,188	14,825	11,903	589,710	-	617,626
Reclassifications	-	16,709	3,377	2,450	66,835	-	89,371
Depreciation and amortization charges for the year	-	(66,878)	(4,008)	(72,611)	-	(93)	(143,590)
Balance at December 31, 2020	**P 693,017**	**P 3,039,869**	**P 46,402**	**P 67,203**	**P 2,553,895**	**P 721**	**P 6,401,107**
Balance at January 1, 2019	P 693,017	P 3,132,840	P 3,584	P 194,198	P 713,231	P 907	P 4,737,777
Additions	-	4,120	31,354	37,288	1,202,535	-	1,275,297
Reclassifications	-	18,416	-	-	(18,416)	-	-
Retirement of asset	-	-	-	(155)	-	-	(155)
Depreciation and amortization charges for the year	-	(66,526)	(2,730)	(105,870)	-	(93)	(175,219)
Balance at December 31, 2019	P 693,017	P 3,088,850	P 32,208	P 125,461	P 1,897,350	P 814	P 5,837,700

Depreciation charges are reported as part of Depreciation and amortization under Cost of Room Services and Cost of Food and Beverages Sold account and Other Operating Expenses section in the consolidated statements of comprehensive income (see Notes 19 and 20).

Certain fully depreciated assets with acquisition costs of P465,940 and P58,127 as of December 31, 2020 and 2019, respectively, are still being used in the Group's operations.

No impairment loss was recognized in December 31, 2020 and 2019 as the recoverable amount of the property and equipment determined by management is higher than their carrying values.

14. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of 2020 and 2019 are shown below.

	Software Licenses	Land Use Rights	Total
December 31, 2020			
Cost	P 36,131	P 164,213	P 200,344
Accumulated amortization	(34,618)	(1,053)	(35,671)
Net carrying amount	**P 1,513**	**P 163,160**	**P 164,673**
December 31, 2019			
Cost	P 35,171	P 164,213	P 199,384
Accumulated amortization	(33,631)	(842)	(34,473)
Net carrying amount	P 1,540	P 163,371	P 164,911
January 1, 2019			
Cost	P 34,164	P 164,213	P 198,377
Accumulated amortization	(30,875)	(632)	(31,507)
Net carrying amount	P 3,289	P 163,581	P 166,870

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2020 and 2019 is shown below.

	Software Licenses	Land Use Rights	Total
Balance at January 1, 2020, net of accumulated amortization	P 1,540	P 163,371	P 164,911
Additions	960	-	960
Amortization charges for the year	(987)	(211)	(1,198)
Balance at December 31, 2020, net of accumulated amortization	**P 1,513**	**P 163,160**	**P 164,673**
Balance at January 1, 2019, net of accumulated amortization	P 3,289	P 163,581	P 166,870
Additions	1,008	-	1,008
Amortization charges for the year	(2,757)	(210)	(2,967)
Balance at December 31, 2019, net of accumulated amortization	P 1,540	P 163,371	P 164,911

Land use rights pertains to the interest in a joint arrangement on a certain development project. The development project commenced in 2018.

Intangible assets with finite useful lives are subject to impairment testing whenever there is an indication of impairment. No impairment loss was recognized in 2020 and 2019 as the recoverable amounts of the intangible assets determined by management are higher than their carrying values.

The amount of amortization charges is presented as part of Depreciation and amortization under Other Operating Expenses section in the consolidated statements of comprehensive income (see Note 20).

No intangible assets have been pledged as security for any liabilities of the Group.

15. OTHER ASSETS

This account consists of the following:

	Note	**2020**	2019
Current:			
Input VAT		**P 989,961**	P 873,884
Prepaid expenses		**542,655**	455,356
Contract assets	15.3	**12,062**	11,850
Inventories		**8,093**	9,068
Others		**156**	295
		1,552,927	1,350,453
Noncurrent:			
Goodwill	15.1	**27,462**	27,462
Financial assets at FVOCI	15.2	**13,610**	13,610
		41,072	41,072
		P 1,593,999	P 1,391,525

Inventories, which are all stated at cost, pertain to supplies, food and beverages. The cost of inventories recognized as expense in 2020, 2019 and 2018 is shown in Note 19.

15.1 Goodwill

Goodwill pertains to the excess of cost over fair value of net assets of Excel Unified at the time of acquisition. It is primarily related to growth expectations, expected future profitability and expected cost of synergies.

Management's impairment analysis for Excel Unified was based on discounted cash flows based on the cash generating unit's three-year financial projections using the entity's weighted average cost of capital as the discount rate, which is 4.96%. The weighted average cost of capital of Excel was computed based on the capital asset pricing model. Further, the impairment analysis generally assumes terminal growth rate of 7.80%, which was based on the forecasted Philippine average growth rate of residential real estate price index in 2020. Revenue projections were based on the capacities of existing and projected capital expenditures within the three-year period. Management also assessed that the entity would continue as a going concern and will have sufficient financial resources to finance its working capital requirements to achieve its projected forecast and to support its business needs.

Based on this analysis, management has assessed that no impairment of goodwill is required to be recognized as of December 31, 2020 and 2019.

15.2 Financial Assets at FVOCI

The fair values of financial assets at FVOCI have been determined by reference to published prices in the market. Included in financial assets at FVOCI are golf club shares, which are proprietary membership club shares, and listed equity securities.

15.3 Contract Accounts

The significant changes in the contract assets and contract liabilities balances as of and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Contract assets:		
Balance at beginning of year	**P 11,850**	P 62,145
Increase as a result of changes in measurement of progress	**12,808**	11,850
Decrease due to cash received	**(12,596)**	(4,899)
Decrease due to accomplishment of projects	**-**	(57,246)
	P 12,062	P 11,850
Contract liabilities:		
Balance at beginning of year	**P 396**	P 219
Increase due to cash received excluding amount recognized as revenue during the year	**1,721**	396
Decrease due to accomplishment of projects	**(493)**	(219)
	P 1,624	P 396

Contract liabilities are presented as part of Other payables under Trade and Other Payables account (see Note 17) in the consolidated statements of financial position.

16. LOANS AND BORROWINGS

In the normal course of business, the Group obtains from local financial institutions unsecured, short-term, interest-bearing loans for the acquisitions of parcels of land and development of its real estate projects and property and equipment. These loans are renewable on a monthly basis and bear annual interest rates ranging from 0.25% to 6.75% in 2020 and 0.25% to 7.25% in 2019. The related loan agreements do not contain loan covenant provisions.

Interest expense charged to operations amounted to P411,817, P585,207 and P420,899 in 2020, 2019 and 2018, respectively, and is presented as part of Finance costs under Other Income (Charges) account in the consolidated statements of comprehensive income (see Note 21.1). Unpaid interest amounting to P22,665 and P37,210 as of December 31, 2020 and 2019, respectively, is shown as part of Other payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 17 and 33).

No assets are pledged as collateral to the existing loans as of December 31, 2020 and 2019.

17. TRADE AND OTHER PAYABLES

This account is composed of:

	Notes	**2020**	2019
Accounts payable	24	**P 1,198,107**	P 985,307
Retention payable		**227,623**	193,049
Taxes payable		**181,026**	149,318
Provisions	27.4	**4,564**	4,564
Other payables	15.3, 16	**69,024**	72,753
		P 1,680,344	P 1,404,991

Other payables significantly include accruals for various operating expenses, such as interest expense, outside services and short-term employee benefits. Contract liabilities are also recognized as part of other payables.

The carrying amount of accounts payable, retention payable and other payables, which are presented as current liabilities and are expected to be settled within the next 12 months from the end of the reporting period, is a reasonable approximation of fair value.

18. LEASES

The Group leases a certain building with remaining lease term of eight years, which is currently being subleased by the Group to other parties. The outstanding obligation relating to this lease contract as of December 31, 2020 and 2019 is presented as part of Lease Liabilities account in the 2020 and 2019 consolidated financial statement of financial position. Moreover, the Group recognized Finance lease receivables under Receivables account (see Note 7) on the portion of the building that are under sublease agreements classified as finance leases. The remaining portion of the building that is not under sublease agreement classified as finance leases is presented as Right-of-use assets under Investment Properties account in the 2020 and 2019 consolidated statement of financial position (see Note 12).

The Group also leases a certain parcel of land with remaining lease term of nine years, where one of its office buildings stands. The Group recognized a right-of-use asset for the leased land as part of Property and Equipment account (see Note 13) and the corresponding liability as part of Lease Liabilities account in the 2020 and 2019 consolidated statement of financial position.

In 2020, the initial estimated lease payments for certain leases changed due to a change in escalation rates; hence, the lease liabilities was reassessed using an unchanged discount rate. The amount of remeasurement to the lease liability was also reflected as an adjustment to the right-of-use asset.

The leases do not have variable lease payments which depend on an index or a rate. The leases are non-cancellable and do not contain an option to purchase the underlying lease asset outright at the end of the leases, or to extend the leases for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must also keep the properties in a good state of repair and return the properties in their original condition at the end of the leases. Further, the Group must incur maintenance fees on such properties in accordance with the lease contracts.

18.1 Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2020	2019
Current	**P 14,085**	P 10,091
Non-current	**121,894**	125,271
	P 135,979	P 135,362

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost or location or determined that it is advantageous to remain in a location beyond the original lease term. The future cash outflows to which the Group is potentially exposed are not reflected in the measurement of lease liabilities represent the amount of security deposit to be forfeited in case the lease is terminated. An option is only exercised when consistent with the Group's business strategy and the economic benefits of exercising such option exceeds the expected overall cost. As of December 31, 2020 and 2019, the Group has no historical experience of exercising termination options for its existing lease agreements.

As of December 31, 2020 and 2019, the Group has no commitments for leases entered into but which had not commenced.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as of December 31 are as follows:

	Within 1 year	Less than 5 years	More than 5 years	Total
December 31, 2020				
Lease payments	P 25,469	P 114,846	P 45,079	P 185,394
Finance charges	(11,384)	(29,505)	(8,526)	(49,415)
Net present value	**P 14,085**	**P 85,341**	**P 36,553**	**P 135,979**
December 31, 2019				
Lease payments	P 23,335	P 134,722	P 28,651	P 186,708
Finance charges	(13,244)	(36,916)	(1,186)	(51,346)
Net present value	P 10,091	P 97,806	P 27,465	P 135,362

18.2 Additional Profit or Loss and Cash Flow Information

The total cash outflows in respect of leases amounted to P12,069 and P10,217, in 2020 and 2019, respectively. Total cash inflow in respect of leases amounted to P14,461 and P14,269 in 2020 and 2019, respectively. Interest expense in relation to lease liabilities amounted to P12,438 and P12,014 in 2020 and 2019, respectively. On the other hand, Interest income in relation to finance lease receivables amounted to P6,486 and P7,070, in 2020 and 2019, respectively. These are presented as part of Finance costs and Finance income under Other Income (Charges) account, respectively, in the consolidated statement of comprehensive income (see Note 21).

19. COSTS OF SALES AND SERVICES

These accounts are composed of the following:

	Notes	**2020**	2019	2018
Cost of real estate sold:				
Real estate projects	8	**P 604,935**	P 230,301	P 416,737
Raw land inventory	9	**53,563**	6,784	-
	20	**P 658,498**	P 237,085	P 416,737
Cost of room services:				
Depreciation and amortization	13	**P 112,622**	P 134,755	P 130,052
Outside services	24	**53,698**	105,856	96,645
Utilities		**34,869**	48,872	47,476
Supplies		**12,739**	28,351	25,098
Commission		**4,017**	16,671	15,899
Laundry		**4,596**	14,119	13,436
Repairs and maintenance		**7,844**	13,540	9,268
Others		**30,174**	28,791	31,568
	20	**P 260,559**	P 390,955	P 369,442

	Notes		2020		2019		2018
Cost of food and beverages sold:							
Food and beverages sold		**P**	**30,882**	P	67,733	P	60,192
Depreciation and amortization	13		**24,088**		39,557		37,754
Management fees	24		**18,631**		3,384		-
Outside services	24		**15,484**		45,315		39,727
Utilities			**7,292**		14,846		13,761
Supplies			**3,588**		8,967		7,653
Others			**2,446**		5,952		7,331
Laundry			**238**		1,217		1,078
	20	**P**	**102,649**	P	186,971	P	167,496
Cost of services:							
Salaries and employee benefits		**P**	**82,755**	P	17,760	P	15,861
Outside services			**33,111**		615		-
Others			**9,722**		4,706		2,394
	20	**P**	**125,588**	P	23,081	P	18,255
Cost of rentals:							
Taxes and licenses		**P**	**48,742**	P	30,336	P	23,357
Depreciation and amortization	12		**21,699**		20,779		13,650
Outside services			**9,787**		12,202		6,510
Dues and subscriptions			**6**		6		111
Rentals			**-**		25		24,771
Others			**2,071**		2,078		2,439
	20	**P**	**82,305**	P	65,426	P	70,838

Other expenses under Cost of Room Services include management fees, meals, transportation and other expenses incurred in rendering room services. Other expenses under Cost of Rentals include insurance, seminar fees, utilities, supplies and other necessary expenses incurred for the Group's investment properties.

In 2020, the Group identified costs that are directly attributable to its rendering of services to customers. These costs were previously presented as part of Other Operating Expenses and were reclassified and presented as Costs of services under Costs of Sales and Services in the statements of comprehensive income. Such reclassification was made as management believes that the presentation will provide users of the consolidated financial statements with more reliable and relevant information. Accordingly, the Group restated its 2019 and 2018 statements of comprehensive income to conform with the current year presentation, in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The reclassification did not have an impact on the Group's statement of financial position as of December 31, 2019 and its statements of changes in equity and cash flows for the year ending December 31, 2019 and 2018.

	Notes	As Previously Reported	Reclassification/ Restatement	As Restated
As of December 31, 2019				
Cost of services	19, 20	P -	P 23,081	P 23,081
Other operating expenses	20	744,867	(23,081)	721,786
As of December 31, 2018				
Cost of services	19, 20	P -	P 18,255	P 18,255
Other operating expenses	20	699,444	(18,255)	681,189

20. OPERATING EXPENSES BY NATURE

The details of operating expenses presented by nature are as follows:

	Notes	2020	2019	2018
Real estate projects sold	8, 19	**P 604,935**	P 230,301	P 416,737
Outside services	24	**285,311**	385,747	338,981
Salaries and employee benefits	22.1	**227,313**	171,255	141,878
Depreciation and amortization	12, 13, 14	**201,525**	211,576	199,831
Taxes and licenses		**125,014**	182,552	142,762
Raw land inventory sold	9, 19	**53,563**	6,784	-
Utilities		**46,179**	68,148	65,945
Repairs and maintenance		**39,024**	24,625	41,800
Supplies		**36,187**	59,391	48,820
Food and beverages sold	19	**30,882**	67,733	60,192
Commissions		**15,428**	41,987	43,818
Advertising		**11,881**	26,358	28,197
Impairment loss on receivables	7	**5,000**	16,439	51,361
Laundry		**4,834**	15,336	14,514
Communications		**2,367**	3,025	3,542
Miscellaneous	12	**68,639**	114,047	125,579
		P 1,758,082	P 1,625,304	P 1,723,957

These expenses are classified in the consolidated statements of comprehensive income as follows:

	Note	2020	2019	2018
Cost of real estate sold	19	**P 658,498**	P 237,085	P 416,737
Cost of room services	19	**260,559**	390,955	369,442
Cost of services	19	**125,588**	23,081	18,255
Cost of food and beverages sold	19	**102,649**	186,971	167,496
Cost of rentals	19	**82,305**	65,426	70,838
Other operating expenses		**528,483**	721,786	681,189
		P 1,758,082	P 1,625,304	P 1,723,957

21. OTHER INCOME (CHARGES)

Presented below are the details of other income (charges).

21.1 Finance Costs

	Notes	2020	2019	2018
Interest expense on:				
Loans and borrowings	16	**P 411,817**	P 585,207	P 420,899
Lease liabilities	18.2	**12,438**	12,014	-
Others		**-**	3,720	-
		424,255	600,941	420,899
Bank charges		**61,978**	77,761	73,417
Net interest expense on defined benefit obligation and plan assets	22.2	**881**	645	1,046
		P 487,114	P 679,347	P 495,362

21.2 Finance Income

	Notes	2020	2019	2018
Interest income from:				
Contract receivables	7.1	**P 18,270**	P 35,171	P 34,846
Deposits and short-term placements	6	**6,541**	13,187	26,394
Finance lease receivables	18.2	**6,486**	7,070	-
		P 31,297	P 55,428	P 61,240

21.3 Miscellaneous Income (Charges)

The Group's miscellaneous income (charges) consist of gain from repossession of inventory, impairment of nonfinancial assets, sale of property equipment, donations and contributions, foreign exchange gains and losses and other miscellaneous income (see Notes 7, 8 and 11).

22. EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits Expense

The expense recognized for Salaries and employee benefits is analyzed below (see Note 20).

	Notes	**2020**	2019	2018
Short-term employee benefits		**P 218,643**	P 165,006	P 136,450
Retirement benefits	22.2	**8,670**	6,249	5,428
	20	**P 227,313**	P 171,255	P 141,878

These are recognized in the consolidated financial statements as follows:

	Notes	**2020**	2019	2018
Cost of services	19	**P 82,755**	17,760	15,861
Other operating expense		**144,558**	153,495	126,017
	20	**P 227,313**	P 171,255	P 141,878

22.2 Retirement Plan

(a) Characteristics of the Defined Benefit Plan

The Group maintains a tax-qualified, partially funded, noncontributory defined benefit plan that is being administered by a trustee covering all of its regular employees. It provides a post-employment benefit equal to 100% of the monthly final pay for every year of credited service plus commutation of sick leave credits, if any. Actuarial valuations are made annually to update the retirement benefit obligation and the amount of contributions. The most recent actuarial valuation report is dated December 31, 2020 covering the valuation of the Group's retirement benefit obligation as of the same period. Annual cost is determined using the projected unit credit method.

The subsidiaries of the Group have no retirement plan. The finance and administrative functions of most subsidiaries are being handled by the Group through a service agreement. Other subsidiaries with employees are not yet required to provide retirement benefits based on the requirements of Republic Act (RA) No. 7641, *Retirement Pay Law.*

The plan is registered with the Bureau of Internal Revenue as a tax-qualified plan under RA No. 4917, as amended. The control and administration of the retirement plan is vested in the board of trustees (BOT). Some of the members of BOT of the retirement plan, who exercise voting rights over the shares and approve material transactions, are also key members of the Group's management. The retirement plan's accounting and administrative functions are undertaken by the SMC Retirement Funds Office.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented in the succeeding page are based on the actuarial valuation report obtained from an independent actuary in 2020, 2019 and 2018.

The following table shows a reconciliation of the net retirement benefit liability and its components:

	Present value of retirement benefit liability			Fair value of plan assets			Net retirement benefit liability		
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018
Balance at beginning of year	**P 97,950**	P 69,602	P 50,485	**P 78,418**	P 48,209	P 18,091	**P 19,532**	P 21,393	P 32,394
Recognized in profit or loss:									
Current service cost	**8,670**	6,249	5,428	**-**	-	-	**8,670**	6,249	5,428
Interest expense	**5,133**	5,241	2,999	**-**	-	-	**5,133**	5,241	2,999
Interest income	**-**	-	-	**4,253**	4,596	1,953	**(4,252)**	(4,596)	(1,953)
	13,803	11,490	8,427	**4,253**	4,596	1,953	**9,551**	6,894	6,474
Recognized in other comprehensive income:									
Remeasurements:									
Actuarial losses (gains) arising from:									
Experience adjustments	**(16,133)**	14,689	20,204	**-**	-	-	**(16,133)**	14,689	20,204
Changes in financial assumptions	**2,645**	2,169	(9,514)	**-**	-	-	**2,644**	2,169	(9,514)
Return on plan asset (excluding amounts included in net interest)	**-**	-	-	**1,211**	(41)	(1,408)	**(1,211)**	41	1,408
	(13,488)	16,858	10,690	**1,211**	(41)	(1,408)	**(14,700)**	16,899	12,098
Others:									
Contributions	**-**	-	-	**8,808**	25,654	29,573	**(8,808)**	(25,654)	(29,573)
Benefits paid	**(3,353)**	-	-	**(3,353)**	-	-	**-**	-	-
	(3,353)	-	-	**5,455**	25,654	29,573	**(8,808)**	25,654	(29,573)
Balance at end of year	**P 94,912**	P 97,950	P 69,602	**P 89,337**	P 78,418	P 48,209	**P 5,575**	P 19,532	P 21,393

The current service cost amounting to P8,670, P6,249 and P5,428 in 2020, 2019 and 2018, respectively, is presented as part of Salaries and employee benefits under Other Operating Expenses section in the consolidated statements of comprehensive income (see Notes 20 and 22.1).

The net interest expense amounting to P881, P645 and P1,046 in 2020, 2019 and 2018, respectively, is included in Finance Costs account in the consolidated statements of comprehensive income (see Note 21.1).

Amounts recognized in consolidated other comprehensive income were included within items that will not be reclassified to consolidated profit or loss.

As of December 31, 2020 and 2019, net retirement liabilities recognized under Retirement Benefit Liability account in the consolidated statements of financial position amounted to P5,575 and P19,532, respectively.

The carrying amount of the Group's retirement fund approximate fair values as of December 31, 2020 and 2019.

The composition of the fair value of plan assets at the end of the reporting period for each category and risk characteristics is shown below in percentages:

	2020	2019
Interest in pooled funds:		
Fixed-income portfolio (FIP)	**58.0%**	62.5%
Stock trading portfolio (STP)	**16.0%**	18.0%
Marketable securities	**21.0%**	-
Others	**5.0%**	19.5%
	100.0%	100.0%

The BOT approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The BOT may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

(c) *Interest in Pooled Funds*

Investment in pooled funds were established mainly to put together all the retirement funds of the SMC Group to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

The plan's interests in the net assets of the pooled funds were 1.67% and 1.36% of FIP and 1.74% and 1.36% of STP as of December 31, 2020 and 2019, respectively. Investment income and expense are allocated to the plan based on its pro-rata share in net assets of the pooled funds.

Investments in FIP consist of investments in money market placements, government securities, corporate notes and convertible preferred shares of stock, acquired to match the obligation of the retirement plan.

Investments in STP consist mainly of investments in shares of stock of publicly-listed companies that are carried at fair value based on the closing quoted market prices obtained from the Philippine Stock Exchange (PSE) as at the end of the statement of net asset available for plan benefits dates.

Plan assets include shares of stock and debt securities issued by public entities within SMC Group, as disclosed in Note 24(e).

(d) *Others*

Others include the Retirement Plan's cash and cash equivalents which earns interest.

The plan assets earned a return of P5,464, P4,555 and P545 in 2020, 2019 and 2018, respectively.

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

In determining the amounts of the retirement benefit obligation, the following significant actuarial assumptions were used:

	2020	2019
Discount rates	**3.88%**	5.20%
Expected rates of salary increases	**4.00%**	5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 23 years for both males and females in both December 31, 2020 and 2019. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(e) Risks Associated with the Retirement Plan

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

i. Investment and Interest Rate Risks

The present value of the defined benefit obligation (DBO) is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan comprises of investments in STP, FIP and marketable securities. Due to the long-term nature of plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

ii. Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(f) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

i. Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31, 2020 and 2019:

	Impact on Retirement Benefit Liability		
	Change in Assumption	**Discount Rate**	**Salary Increase Rate**
December 31, 2020			
Decrease in assumption	**+8.6%/-7.5%**	**P 8,196**	**(P 7,118)**
Increase in assumption	**-7.4%/+8.5%**	**(7,062)**	**8,102**

	Change in Assumption	Discount Rate	Salary Increase Rate
	Impact on Retirement Benefit Liability		
December 31, 2019			
Decrease in assumption	+8.7%/-7.6%	P 8,484	(P 7,456)
Increase in assumption	-7.5%/+8.6%	(7,374)	8,420

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment DBO liability recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

ii. Asset-liability Matching Strategies

The Retirement Plan Trustee has no specific matching strategy between the retirement fund assets and the defined benefit liabilities under the Plan. However, the investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

The largest portion of assets as of December 31, 2020 and 2019 is invested in FIP which consists of money market placements, government securities, corporate notes and convertible preferred shares of stock. The Group believes that these securities offer a good return over the long term with an acceptable level of risk.

There has been no change in the Group's strategies to manage its risks from previous periods.

iii. Funding Arrangements

The plan is currently underfunded by P5,574 based on the latest actuarial valuation. There are no minimum funding requirement in the country.

The maturity profile of undiscounted expected benefits payments from the plan follows:

	2020	2019
Within one year	**P 2,102**	P 4,103
More than one year to five years	**38,233**	43,589
More than five years	**61,069**	51,207
	P 101,404	P 98,899

The weighted average duration of the DBO at the end of the reporting period is eight years.

23. INCOME TAXES

The major components of tax expense (benefit) reported in the consolidated statements of comprehensive income are as follows for the years ended December 31:

	2020	2019	2018
Reported in profit or loss:			
Current tax expense	**P 64,371**	P 46,433	P 56,020
Deferred tax benefit	**(17,059)**	(41,945)	(59,293)
	P 47,312	P 4,488	(P 3,273)
Reported in other comprehensive income –			
Deferred tax expense (benefit)	**P 4,410**	(P 5,070)	(P 2,751)

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in consolidated profit or loss (shown as percentages) is as follows:

	2020	2019	2018
Tax on pretax profit	**30.00%**	30.00%	30.00%
Income subjected to lower income tax rates	**(0.17%)**	(3.73%)	(18.97%)
Tax effects of:			
Unrecognized deferred tax assets	**16.76%**	272.71%	24.48%
Nontaxable income	**(8.85%)**	(27.96%)	(20.09%)
Application of NOLCO	**(0.18%)**	(17.86%)	8.91%
Nondeductible expenses	**1.85%**	135.47%	8.52%
Share in profit of associates	**(29.02%)**	(384.25%)	(6.21%)
Expiration of excess MCIT	**0.99%**	0.72%	0.11%
Others	**2.68%**	12.96%	(27.91%)
	14.06%	18.06%	(1.16%)

The deferred tax assets and liabilities of the Group as of December 31 relates to the following:

	2020	2019
Unrealized fair value gain on investment property	(P 106,150)	(P 106,150)
Finance lease liabilities	124,141	42,587
NOLCO	115,734	78,386
Right-of-use asset	(94,372)	(14,885)
Allowance for impairment of receivables and equity advances	70,183	70,183
Unamortized capitalized interest	(63,333)	(63,904)
Fair value adjustment on repossessed inventories	(29,887)	(31,773)
Real estate sales	(23,053)	(18,065)
Finance lease receivables	(20,781)	(23,180)
Retirement benefits	11,939	17,493
MCIT	6,353	1,990
Unrealized foreign currency losses - net	1,856	1,690
Unearned rentals	(1,540)	38,045
Provision for loss on contingent liability	1,369	1,369
Fair value gain on financial assets at FVOCI	1,106	1,106
Other expenses	35,109	21,113
	P 28,674	P 16,005

The above amounts are reported in the consolidated statements of financial position as follows:

	2020	2019
Deferred tax assets	P 95,241	P 85,385
Deferred tax liabilities	(66,567)	(69,380)
	P 28,674	P 16,005

The components of net deferred tax expense (benefit) reported in the consolidated statements of comprehensive income are as follows:

	Profit or loss			Other comprehensive income		
	2020	2019	2018	**2020**	2019	2018
Lease liabilities	**(P 81,554)**	P 3,796	P -	**P -**	P -	P -
Right-of-use asset	**79,487**	(2,170)	-	**-**	-	-
Unearned rentals	**39,585**	(8,597)	(1,918)	**-**	-	-
NOLCO	**(37,328)**	(56,893)	(P 14,654)	**-**	-	-
Real estate sales	**4,988**	(11,669)	(17,165)	**-**	-	-
MCIT	**(4,363)**	15,584	(8,032)	**-**	-	-
Finance lease receivables	**(2,399)**	(2,160)	-	**-**	-	-
Fair value adjustment on repossessed inventories	**(1,886)**	(2,304)	4,583	**-**	-	-
Retirement benefit liability	**1,144**	1,211	508	**4,410**	(5,070)	(3,629)
Unamortized capitalized interest	**(571)**	32,617	(109)	**-**	-	-
Unrealized foreign currency gain	**(166)**	(61)	(47)	**-**	-	-
Allowance for impairment of receivables and equity advances	**-**	(4,671)	(16,325)	**-**	-	-
Fair value gain on financial assets at FVOCI	**-**	-	-	**-**	-	878
Decline in market value of AFS financial assets	**-**	-	(652)	**-**	-	-
Other expenses	**(13,996)**	(6,628)	(5,482)	**-**	-	-
Net Deferred Tax Expense (Benefit)	**(P 17,059)**	(P 41,945)	(P 59,293)	**P 4,410**	(P 5,070)	(P 2,751)

Net deferred tax assets of the Group are not allowed to be offset against net deferred tax liabilities of other subsidiaries, or vice versa, for purposes of consolidation.

No deferred tax has been recognized on the Group's accumulated share in net profit and other comprehensive income (loss) of associates in all the years presented. The Group has no liability for tax should the amounts be declared as dividends since dividend income received from domestic corporations by a domestic corporation is not subject to income tax.

For the years ended December 31, 2020, 2019 and 2018, most of the operating subsidiaries incurred MCIT as it exceeded their respective regular corporate income tax. MCIT is equivalent to 2% of gross income, as defined in the tax regulations.

The NOLCO and excess MCIT incurred by the entities within the Group can be claimed as deductions from their respective future taxable profits and tax payable, respectively, within three years after the year the tax loss or MCIT was incurred. However, the NOLCO incurred in 2020 can be claimed as deduction within five years after the year it was incurred, pursuant to Section 4 (bbbb) of RA No. 11494, *Bayanihan to Recover as One Act* (otherwise known as Bayanihan II) and as implemented through Revenue Regulations No. 25-2020.

In 2020, 2019 and 2018, the Group opted to claim itemized deductions in computing their respective income tax due.

Presented below are the details of the Group's NOLCO and MCIT.

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO	MCIT
2020	December 31, 2025	P 315,426	P -
2020	December 31, 2023	-	4,687
2019	December 31, 2022	361,587	1,497
2018	December 31, 2021	295,406	177
		P 972,419	**P 6,361**

For financial reporting purposes, no deferred tax assets relating to NOLCO and MCIT were generally recognized by the subsidiaries. Management believes that there is no assurance that their related tax benefits will be realized by these subsidiaries within the prescribed period. The details of unrecognized deferred tax assets are as follows:

	2020	2019
NOLCO	**P 586,706**	P 174,146
MCIT	**8**	27
	P 586,714	P 174,173

24. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The Group's related parties include intermediate parent company, associates, other entities under common control and the Group's key management and retirement fund plan as described below and in the succeeding pages. Related parties under common control are subsidiaries and associates of SMC through direct or indirect equity ownership.

The following are the transactions with related parties.

Related Parties	Notes	Year	Revenue From Related Parties	Purchases From Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Intermediate Parent Company	7, 17	**2020**	**P 118,149**	**P 71,386**	**P 9,800**	**P 93,210**	On demand or 30 days from the date of billing; Noninterest-bearing	Secured by advance rentals and security deposits, and unsecured
		2019	123,469	65,516	P 8,102	88,818		
		2018	117,115	63,185	27,605	129,426		
Under Common Control	4, 7, 8, 17	**2020**	**1,320,342**	**121,282**	**452,479**	**214,269**	On demand or 30 days from the date of billing or less than 2 to 4 years; Interest-bearing	Secured by advance rentals and security deposits, and unsecured
		2019	543,758	45,106	120,531	194,385		
		2018	255,874	44,962	80,070	135,016		
Associates	21.2	**2020**	**327**	**-**	**278,288**	**-**	On demand; Interest-bearing	Secured
		2019	411	-	225,773	-		
		2018	393	-	206,995	-		
		2020	**P 1,438,818**	**P 192,668**	**P 740,567**	**P 307,479**		
		2019	P 667,638	P 110,662	P 354,406	P 283,203		
		2018	P 373.382	P 108,147	P 314,670	P 264,442		

(a) Revenue from related parties consist of real estate sales, lease income, real estate services, room revenues, sale of food and beverages and interest income from deposits with the Group's associate.

(b) Purchases from related parties consist of management and other administrative services, technical services and administration of the construction of the Group's real estate projects and implementation of computer software.

(c) Amounts owed by related parties consist of contract receivables, rental receivables, due from related parties, and deposits. Contract receivables are payable in cash based on monthly amortization schedule. Rental receivables from lease of properties are payable in cash within 30 days from the date of billing. Accounts receivables and cash advances are payable in cash on demand.

(d) Amounts owed to related parties consist of accounts payable, due to related parties, advance rentals, and security deposits, which are all payable in cash. Leases to related parties are secured with advance rentals, which are applied at the end of the lease term. Security deposits are refundable in cash at the end of the lease term.

(e) The Group maintains a partially funded, noncontributory post-employment defined benefit plan that is being administered by the BOT of the Group's retirement plan. The Group's plan assets includes shares of stock and debt securities issued by public entities within SMC Group which accounts for 1.74% and 1.36% of the STP and 1.67% and 1.36% of the total FIP as of December 31, 2020 and 2019, respectively. The details of the retirement plan are presented in Note 22.2. The Group has no transaction with the retirement plan other than contribution and benefit payments.

(f) The compensation of key management personnel of the Group is broken down as follows:

	2020	2019	2018
Short-term employee benefits	**P 37,975**	P 42,495	P 42,910
Post-employment benefit	**4,453**	2,980	3,107
	P 42,428	P 45,475	P 46,017

25. EQUITY

25.1 Capital Stock

The Group's capital stock consists of:

	Shares		Amount	
	2020	2019	**2020**	2019
Capital stock – P10 par value				
Authorized	**1,500,000,000**	1,500,000,000	**P 15,000,000**	P 15,000,000
Issued and outstanding:				
Balance at beginning of year	**719,995,940**	662,495,940	**P 7,199,959**	P 6,624,959
Issued during the year	**241,393,750**	57,500,000	**2,413,938**	575,000
Balance at end of year	**961,389,690**	719,995,940	**9,613,897**	7,199,959
Subscription receivable	**(36,794,500)**	-	**(367,945)**	-
Treasury stock – at cost	**(315,771)**	(315,771)	**(9,515)**	(9,515)
Total outstanding	**924,279,419**	719,680,169	**P 9,236,437**	P 7,190,444

On January 30, 1998, San Miguel Properties Philippines, Inc. and Monterey Farms Corporation (MFC) executed a merger, which made MFC as the surviving entity. Prior to the merger, the shares of MFC totaling 115,919,850 was already listed and approved by PSE on January 30, 1986. These shares were initially issued at an offer price of P10 per share. There were no additional shares listed subsequent to the initial listing. On July 14, 1998, the Securities and Exchange Commission (SEC) approved the change of corporate name from MFC to San Miguel Properties, Inc.

On January 3, 2012, the PSE issued Memorandum Circular No. 2012-0003, announcing the effectivity of the Amended Rule on Minimum Public Ownership. Under this memorandum, all listed companies are required to maintain a minimum public ownership of 10% of all issued and outstanding shares. On December 28, 2012, the Group received a letter from PSE imposing trading suspension until June 30, 2013 due to failure to comply with the minimum public ownership requirement.

On February 5, 2013, the BOD approved the filing of the petition for voluntary delisting and conduct of a tender for the acquisition of common shares held by the minority shares. On March 4, 2013, the Group filed with the PSE the petition for voluntary delisting with May 6, 2013 as the effective date of the delisting of the Group's common shares from the PSE. On April 25, 2013, the PSE approved the voluntary delisting of the Group following the completed tender offer made to acquire 1,072 shares from minority shareholders, of which 309 shares was transferred and recorded as treasury shares for an equivalent transaction value of P41.0.

On February 19, 2018, SMC subscribed additional shares of the Group from the unsubscribed portion of the existing authorized capital stock in the amount of P1,250,000 divided into 62,500,000 shares with par value of P10.0 per share. Total additions to Capital Stock and Additional Paid-in Capital accounts amounted to P625,000 and P618,750, respectively. Total costs directly related to the issuance of shares amounting to P6,250 were deducted from the Additional Paid-in Capital account.

On December 23, 2019, the Group issued additional shares to SMC from the unsubscribed portion of the existing authorized capital stock amounting to P1,150,000 divided into 57,500,000 shares with par value of P10.0 per share. This share issuance consequently resulted to total additions to capital stock and additional paid-in capital accounts amounting to P575,000 and P569,250, respectively. Total costs directly related to the issuance of shares amounting to P5,750 were deducted from the additional paid-in capital account.

In 2020, SMC, on separate occasions, subscribed to additional shares in the Parent Company from the unsubscribed portion of the existing authorized capital stock amounting to P4,827,875 divided into 241,393,750 shares with par value of P10.0 per share, of which P735,890 is still unpaid as of December 31, 2020. This subscription consequently resulted to total additions to capital stock and additional paid-in capital accounts amounting to P2,045,993 and P2,021,853, respectively. Total costs directly related to the issuance of shares amounting to P24,140 were deducted from the Additional Paid-in Capital account.

The Group has more than 200 stockholders holding shares of the Group's capital stock as of December 31, 2020 and 2019. The Group is still qualified to be a public corporation based on its quasi-public registration with the SEC.

As of December 31, 2020 and 2019, the Group has 75 stockholders owning 100 or more shares each of the Group's capital stock.

25.2 Restriction on Retained Earnings

Retained earnings is restricted for dividend declaration in the amount of P9,515 equivalent to the cost of the 315,771 shares held in treasury as of December 31, 2020 and 2019, and the accumulated share in profit of associates amounting to P2,251,921 and P1,971,695 for the years then ended December 31, 2020 and 2019, respectively.

25.3 Appropriation of Retained Earnings

In 2017, the Group's BOD approved the appropriation of P4,500,000 of the Group's retained earnings for the development of Caticlan projects which are expected to be completed within the next ten to fifteen years from the appropriation. There were no similar appropriations or reversals made in 2020, 2019 and 2018.

25.4 Other Reserves

In 2018 and 2016, the excess of the total consideration and the acquired interest of Geosolutions and Zee2 Resources amounting to P10,216 and P182,099, respectively, is presented as part of Other Reserves in the consolidated statements of changes in equity. The total consideration paid in the acquisition in 2018 and 2016 amounted to P229,500 and P290,700, respectively.

In 2010, GSIS exercised the put option which gave the Group 100% equity ownership interest in SMPI Flagship. This resulted in the recognition of Other Reserves that pertain to the excess of the exercise price of the put option paid by the Group and its corresponding share in the additional net assets of SMPI Flagship amounting to P88,200.

26. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

	2020	2019	2018
Net profit attributable to owners of the parent company for the year	**P 295,057**	P 24,664	P 291,455
Divided by weighted average number of outstanding common shares *(in thousands)*	**791,247**	662,180	651,764
Earnings per share – basic and diluted	**P 0.37**	P 0.04	P 0.45

The weighted average number of shares as of December 31, 2020 is computed as follows:

	Number of Shares	Months Outstanding	Weighted Number of of Shares
Balance at beginning of year	719,680,169	12	8,636,162,028
Share issuance during the year:	7,500,000	6	45,000,000
	149,493,750	5	747,468,750
	12,399,500	3	37,198,500
	29,132,500	1	29,132,500
	6,073,500	0	-
Balance at end of year	924,279,419		9,494,961,778
Divided by			12
Weighted average number of shares outstanding			**791,246,815**

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of December 31, 2020, 2019 and 2018.

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

27.1 Finance Lease – Group as Lessor

Prior to 2019, the Group had several long-term subleases with escalation clauses which are classified as operating leases as those did not meet the qualifications required to be classified as finance lease.

Upon the effectivity of PFRS 16, these subleases met the requirements to be considered as finance lease. Future minimum lease payments receivable (MLPR) under these leases together with the PV of net minimum lease payments receivable (NMLPR) follow:

	2020				2019			
		Future MLPR		**PV of NMLPR**		Future MLPR		PV of NMLPR
Within one year	**P**	**14,510**	**P**	**8,758**	P	14,482	P	13,839
After one year but not more than two years		**14,607**		**9,660**		14,510		12,743
After two years but not more than three years		**15,052**		**11,008**		14,607		11,788
After three years but not more than four years		**15,512**		**12,497**		15,052		11,164
After four years but not more than five years		**15,987**		**14,138**		15,512		10,575
More than five years		**13,752**		**13,209**		29,740		17,157
Total MLP		**89,420**		**69,270**		103,903		77,266
Amounts representing finance charges	**(**	**20,150)**		**-**	(	26,637)		-
Present value of MLPR	**P**	**69,270**	**P**	**69,270**	P	77,266	P	77,266

The net investment relating to this finance lease is presented as Finance lease receivables under Receivables account in the 2020 and 2019 consolidated statements of financial position (see Note 7). In 2020 and 2019, interest income recognized on the net investment in finance leases amounting to P6,486 and P7,070, respectively is presented as part of Finance Income consolidated statements of comprehensive income (see Note 21.2).

27.2 Operating Leases – Group as Lessor

The Group is a lessor under operating leases covering certain real estate properties. The leases have terms ranging from one to five years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum lease collections receivable under these operating leases as of December 31 are presented below.

	2020	2019
Within one year	**P 506,009**	P 443,300
After one year but not more than five years	**957,616**	1,031,935
After five years but not more than ten years	**921,079**	1,444,977
More than ten years	**5,011,805**	4,424,514
	P 7,396,509	P 7,344,726

The total rentals from these operating leases amounted to P653,161, P404,335, and P362,172 in 2020, 2019 and 2018, respectively, and presented as Rental Income account in the consolidated statements of comprehensive income.

27.3 Operating Lease – Group as Lessee

In 2018 and prior years, the Group is a lessee under an operating lease agreement covering a certain parcel of land and a building. The leases have terms of 10 years, with renewal options and includes annual escalation rate of 6%. Rental expense recorded in the Group's financial statements amounted to P25 and P24,771 in 2019 and 2018, respectively, and is presented as part of Cost of Rentals account and in the 2019 and 2018 consolidated statements of comprehensive income (see Note 19).

The future minimum operating lease commitments under this agreement as of December 31, 2018 are as follows:

Within one year	P 22,231
After one year but not more than five years	100,536
After five years but not more than ten years	84,150
	P 206,917

Rentals in 2019 pertain to expenses incurred for leases entered into by the Group with remaining lease term of less than 12 months or leases of low value assets, which are presented as part of Cost of Rentals account in the 2019 consolidated statement of comprehensive income. There are no similar leases entered into during 2020.

27.4 Legal Claims

There are pending claims and legal actions filed by the Group or against the Group arising from the normal course of business.

In 2007, a provision amounting to P4,564 in connection with Excel Unified's pending settlement of a dispute regarding a right of way in Wedgewoods was recognized. The provision remains outstanding as of the reporting periods and is presented as Provisions under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The Group's management, based on the advice of its legal counsels, believes that the recognized provision with regard to its legal case is reasonable and additional liabilities or losses, if any, that may arise from other claims will not have material effect on its consolidated financial statements.

27.5 Others

There are other contingencies that arise in the normal course of business that are not recognized in the Group's consolidated financial statements. As of December 31, 2020 and 2019, the Group's management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

It is the Group's policy to ensure that capabilities exist for active and prudent management of its financial risks. The Group does not engage in any speculative derivative transactions. The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's principal financial instruments include non-derivative instruments which arise directly from its operations. The financial risks to which the Group is exposed to are described below and in the succeeding pages.

28.1 Market Risk

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash in bank, which amount is considered insignificant to the consolidated financial statements as of December 31, 2020 and 2019. The Group has no financial liabilities denominated in foreign currency.

(b) *Interest Rate Sensitivity*

The Group's exposure to changes in interest rates relates primarily to the Group's interest-bearing loans and borrowings and cash and cash equivalents, which are subject to variable interest rates. All other financial assets and financial liabilities have fixed rates or are not subject to interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. In managing interest rate, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on consolidated earnings.

The table below illustrates the sensitivity of consolidated profit before tax for the years in regards to the Group's cash and cash equivalents and interest-bearing loans and borrowings. These percentages have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months, estimated at 95% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at end of the reporting periods.

	2020		2019		2018	
	Reasonably possible change in rate	**Effect in profit before tax**	Reasonably possible change in rate	Effect in profit before tax	Reasonably possible change in rate	Effect in profit before tax
Profit before tax:						
Net increase	**+0.56%**	**(P 36,687)**	+0.53%	(P 39,467)	+0.56%	(P 37,912)
Net decrease	**-0.56%**	**36,687**	-0.53%	39,467	-0.56%	37,912

(c) *Other Price Risk Sensitivity*

The Group's market price risk arises from its financial assets at FVOCI which is considered negligible as the amount of the assets, including the fair value changes, is not material to the consolidated financial statements. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investment.

28.2 Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of real estate are made to customers with appropriate credit history and has an internal mechanism to monitor the granting of credit and management of credit exposures. The Group has provided allowance for impairment on receivables, based on its assessment, for potential losses on credits extended. The Group's contract receivables are effectively collateralized by real estate titles, which are subject to rescission and repossession upon nonpayment after reasonable collection effort has been exerted by the Group. The Group's rental receivables, on the other hand, are effectively collateralized by security deposits and advance rentals which can be applied by the Group upon default of the lessee of its contracted rental payment. Other financial assets are not secured by any collateral or other credit enhancements, except for cash and cash equivalents.

The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments, net of the value of advance rentals, security deposits and collaterals, if any.

Generally, the maximum credit risk exposure of financial assets and contract assets is the carrying amount of the related assets as shown on the face of the consolidated statements of financial position as of December 31 (or in the detailed analysis provided in the notes to the financial statements), as shown below.

	Notes		**2020**		2019
Cash and cash equivalents	6	**P**	**1,150,550**	P	1,623,055
Receivables - net (excluding advances to contractors)	7		**999,206**		549,477
Contract assets	15.3		**12,062**		11,850
		P	**2,161,818**	P	2,184,382

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Receivables and Contract Assets*

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all receivables and contract assets.

The Group's contract receivables and contract assets relate to receivables from third parties and related parties arising from sale of real estate and undeveloped land. The Group uses credit loss rate approach to calculate ECL for contract receivables and contract assets. The management determined that there is no required ECL to be recognized on the Group's contract receivables and contract assets as it is secured to the extent of the fair value of the real properties sold since the title to the real estate properties remains with the Group until the contract assets or receivables are fully collected. Therefore, there is no expected loss given default as the recoverable amount from subsequent resale of the real estate is sufficient. The estimated fair value of the security enhancements held against contract assets and contract receivables are presented below.

		Gross Maximum Exposure		**Fair Value of Collaterals**		**Net Exposure**		**Financial Effect of Collaterals**
2020								
Contract assets	P	12,062	P	13,728	P	-	P	12,062
Contract receivables		868,526		1,153,812		-		868,526
	P	**880,588**	**P**	**1,167,540**	**P**	**-**	**P**	**880,588**
2019								
Contract assets	P	11,850	P	21,508	P	-	P	11,850
Contract receivables		385,284		1,191,660		-		385,284
	P	397,134	P	1,213,168	P	-	P	397,134

ECL for the Group's due from related parties, on the other hand, is determined based on the related parties' ability to repay the advances upon demand at the reporting date, taking into consideration historical defaults from the related parties.

Other components of Receivables such as rental receivables, finance lease receivables and other receivables are evaluated by the Group for impairment based on the available liquid assets and credit standing of the counterparties. Further, rental receivables are secured to the extent of advance rental and rental deposit received from the lessees.

In the process of applying PFRS 9, the Group have identified individually significant items on Receivables account which requires impairment. Impaired accounts refer to those accounts that are considered credit-impaired, which were non-moving for more than three years, and all those accounts which the Group assessed to be uncollectible.

The Group's management considers that all the financial assets are not impaired, except those specifically provided with allowance for impairment, as of the end of the reporting periods.

28.3 Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments or that a market for derivatives may not exist in some circumstances.

The Group's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and, (d) to maintain an adequate time spread of refinancing maturities.

The maturity profile of the Group's financial liabilities (except lease liabilities – see Note 18.1) as of December 31, 2020 and 2019 based on contractual undiscounted payments is as follows:

	Current		Noncurrent	
	Within 6 months	6 to 12 months	1 to 3 years	Later than 3 years
December 31, 2020				
Loans and borrowings	P 12,696,799	P -	P -	P -
Trade and other payables	1,380,444	227,623	-	-
Rental deposits	74,899	7,359	9,470	8,552
Due to related parties	33,357	-	-	-
	P 14,185,499	**P 234,982**	**P 9,470**	**P 8,552**
December 31, 2019				
Loans and borrowings	P 12,433,110	P -	P -	P -
Trade and other payables	1,023,265	227,844	-	-
Rental deposits	73,299	14,819	5,244	5,440
Due to related parties	33,357	-	-	-
	P 13,563,031	P 242,663	P 5,244	P 5,440

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

29.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	Notes	2020 Carrying Values	2020 Fair Values	2019 Carrying Values	2019 Fair Values
Financial assets					
Financial assets at amortized cost:					
Cash and cash equivalents	6	**P 1,150,550**	**P 1,150,550**	P 1,623,055	P 1,623,055
Receivables – net (excluding advances to contractors)	7	**999,206**	**999,206**	549,477	549,477
Contract assets	15	**12,062**	**12,062**	11,850	11,850
Financial asset at fair value –					
Financial assets at FVOCI	15	**13,610**	**13,610**	13,610	13,610
		P 2,175,428	**P 2,175,428**	P 2,197,992	P 2,197,992

	Notes	2020 Carrying Values	2020 Fair Values	2019 Carrying Values	2019 Fair Values
Financial liabilities					
Financial liabilities at amortized cost:					
Loans and borrowings	16	**P 12,646,300**	**P 12,646,300**	P 12,433,110	P 12,433,110
Trade and other payables	17	**1,499,318**	**1,499,318**	1,251,109	1,251,109
Lease liabilities	18	**135,979**	**135,979**	135,362	135,362
Due to related parties	24	**33,357**	**33,357**	33,357	33,357
Rental deposits	24	**100,280**	**100,280**	98,802	98,802
		P 14,415,234	**P 14,415,234**	P 13,951,740	P 13,951,740

See Note 2.5 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 28.

29.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2020 and 2019 and does not have relevant offsetting arrangements. Currently, all financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BODs and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Notes 7 and 24 can be potentially offset to the extent of their corresponding outstanding balances.

30. FAIR VALUE MEASUREMENT AND DISCLOSURES

30.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and nonfinancial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Group is the current bid price.

30.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities measured at amortized cost, their carrying amounts as of December 31, 2020 and 2019 approximate their fair value. Except for cash and cash equivalents which is classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

30.3 Fair Value Measurement of Financial Assets at Fair Value

The Group's golf club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

There is no change in the fair value of these financial assets in 2020 and 2019. The changes in fair value in 2018 is presented as Fair Value Gains on Financial Assets at Fair Value through Other Comprehensive Income in the 2018 consolidated statement of comprehensive income and the accumulated changes is presented as part of Accumulated Fair Value Gains (Losses) account in the Equity section of the 2018 consolidated statements of financial position.

The Group has no financial liabilities measured at fair value as of December 31, 2020 and 2019.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in 2020 and 2019.

30.4 Fair Value Measurement on Nonfinancial Assets

Management considers the hierarchy of disclosed fair values of raw land inventory and investment property measured at cost and the fair value used to determine the impairment loss on certain property and equipment to be at Level 3. The fair value is determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations from existing bid and offer prices and from recent sale transactions of adjacent properties. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's investment properties and raw land inventory are their current use.

The Level 3 fair value of raw land inventory and investment properties was derived using the observable recent transaction prices for similar properties in nearby locations adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

There has been no change to the valuation techniques used by the Group during the year for its investment properties. Also, there were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in 2020 and 2019.

31. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to stockholders or issue new shares.

The Group defines capital as paid-in capital stock, which includes additional paid-in capital and retained earnings, both the restricted and available for dividend declaration portions. Other components of equity such as treasury shares and revaluation reserves are excluded from capital for purposes of capital management. The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities (excluding deferred tax liabilities) divided by total equity attributable to owners of the Group (excluding accumulated fair value loss, cumulative translation adjustment and reserve for retirement plan). Capital for the reporting periods as of December 31 under review is summarized in the succeeding page.

	2020	2019	2018
Total liabilities	**P 14,898,369**	P 14,453,160	P 11,841,358
Total equity	**26,427,227**	22,065,757	20,888,943
Debt-to-equity ratio	**0.56:1.00**	0.66:1.00	0.57:1.00

The Group, except for BOC which is subject to certain capitalization requirements by the BSP, is not subject to externally imposed capital requirements.

32. SUPPLEMENTAL INFORMATION ON NONCASH ACTIVITIES

Discussed below and in the succeeding page is the supplemental information on noncash investing activities relative to the consolidated statements of cash flows of the Group.

Nature of Transactions	Notes	**2020**	2019	2018
(a) Reclassification of deposit on future land development to investment property	10, 12	**305,119**	-	-
(b) Reclassification of real estate projects to property, plant and equipment	8, 13	**89,371**	-	-
(c) Reclassification of real estate projects to investment property	8, 12	**26,293**	-	-
(d) Reclassification of investment property to raw land inventory	9, 12	**19,289**	-	-
(e) Additional lease liabilities	18	**12,686**	-	-
(f) Accretion of interest	18.2	**12,438**	-	-
(g) Reclassification of certain raw land inventory to investment property	9, 12	**-**	2,200	-
(h) Effect of adoption of PFRS 16				
(i) Recognition of lease liabilities		**-**	145,579	-
(ii) Recognition of right-of-use asset		**-**	53,162	-
(iii) Recognition of finance lease receivables		**-**	82,867	-
(iv) Derecognition of PAS 17 receivable		**-**	(2,789)	-

Nature of Transactions	Notes	**2020**	2019	2018
(i) Result of sublease conversion from operating lease to finance lease				
(i) Derecognition of right-of-use asset	12	**-**	3,170	-
(ii) Recognition of additional finance lease receivables		**-**	1,599	-
(j) Additions to investment property as a result of acquisition of a subsidiary	12	**-**	-	695,316
(k) Reclassification of investment property to real estate project		**-**	-	184,800

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities as at the beginning and end of 2020 and 2019, which includes both cash and non-cash changes.

	Loans and Borrowings (see Note 16)	**Accrued Interest Payable** (see Note 17)	**Due to Related Parties** (see Note 24)	**Lease Liabilities** (see Note 18)	**Total**
Balance at January 1, 2020	P 12,433,110	P 37,210	P 33,357	P 135,362	P 12,639,039
Cash flows from financing activities:					
Additional loans and borrowings	75,604,838	-	-	-	75,604,838
Repayment of loans and borrowings	(75,391,648)	-	-	-	(75,391,648)
Repayment of lease liabilities	-	-	-	(12,069)	(12,069)
Interest paid	-	(426,362)	-	(12,438)	(438,800)
Non-cash financing activities:					
Additional lease liabilities	-	-	-	12,686	12,686
Accretion of interest	-	411,817	-	12,438	520,011
Balance at December 31, 2020	**P 12,646,300**	**P 22,665**	**P 33,357**	**P 135,979**	**P 12,838,301**
Balance at January 1, 2019	P 10,357,380	P 35,171	P 33,357	P -	P 10,425,908
Cash flows from financing activities:					
Additional loans and borrowings	32,791,675	-	-	-	32,791,675
Repayment of loans and borrowings	(30,715,945)	-	-	-	(30,715,945)
Repayment of lease liabilities	-	-	-	(10,217)	(10,217)
Interest paid	-	(586,889)	-	(12,014)	(598,903)
Non-cash financing activities:					
Effect of adoption of PFRS 16	-	-	-	145,579	145,579
Accretion of interest	-	588,928	-	12,014	600,942
Balance at December 31, 2019	P 12,433,110	P 37,210	P 33,357	P 135,362	P 12,639,039

34. EVENTS AFTER END OF THE REPORTING PERIOD

The following are events that occurred subsequent after the end of the reporting period, which are considered as non-adjusting events. Accordingly, their impact was no longer reflected in the Group's consolidated financial statements as of the year ended December 31, 2020.

34.1 Subsequent Acquisitions

On February 2, 2021, the Group acquired 70% in eight entities, namely Agricultural Investors, Inc., Habagat Realty Development, inc., Labayug Air Terminals, Incorporated, Ocean-Side Maritime Enterprises Inc., Punong Bayan Housing Development Corporation, Pura Electric Co., Inc., Spade One Resorts Corporation, and Unexplored Land Developers, Incorporated. The acquired entities are engaged in in lines of businesses similar to the Group.

The acquisitions are assessed to be a business combination accounted for using the acquisition method. However, the initial accounting for the business combination is not yet complete as of the date of the issuance of the consolidated financial statements, hence, information such as the total consideration, fair value of the assets acquired and liabilities assumed and amount of goodwill or gain on bargain purchase, if any, are not yet disclosed.

34.2 Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On November 26, 2020, the Senate approved on third and final reading Senate Bill No. 1357, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises or CREATE, which seeks to reduce the corporate income tax (CIT) rates and to rationalize the current fiscal incentives by making it time-bound, targeted, and performance-based.

One of the key provisions of the bill that may affect the financial statements of the Company is an immediate 5% point cut in the CIT rate starting July 2020.

The bill requires the approval of the Congress and by the President of the Philippines to be enacted as a law. As at December 31, 2020, the bill is still pending with the bicameral committee of Congress and consequently was not yet submitted to the President of the Philippines. Upon submission to the President of the Philippines, he may either approve it or exercise his veto power to stop the enactment of the bill.

Since the bill is not considered substantively enacted, the current and deferred income taxes, including their corresponding assets and liabilities, were recognized using the applicable income tax rates as at December 31, 2020.

The bicameral committee approved the bill on February 1, 2021. As at March 11, 2021, the bill is yet to be approved by the President of the Philippines..

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 22 88

The Board of Directors and Stockholders
San Miguel Properties, Inc. and Subsidiaries
(A Subsidiary of San Miguel Corporation)
3rd Floor, San Miguel Head Office Complex
No. 40 San Miguel Ave., Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Properties, Inc. and Subsidiaries (the Group) as of and for the year ended December 31, 2020, on which we have rendered our report dated March 11, 2021. Our audit was made for the purpose of forming an opinion on *the* basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Anthony L. Ng**
Partner

CPA Reg. No. 0109764
TIN 230-169-270
PTR No. 8533236, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 109764-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-038-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 11, 2021

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
December 31, 2020

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule A - Financial Assets (Financial Assets at Fair Value Through Other Comprehensive Income)
December 31, 2020
(Amounts in Thousand Philippine Pesos)

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown on the balance sheet*	*Valued based on the market quotation at balance sheet date*	*Income received and accrued*
Riviera Golf Shares	1	P 4,170	P 4,170	P -
Sta. Elena Golf	1	5,500	5,500	-
Mimosa Golf	4	1,600	1,600	-
Meralco	91,011	910	910	-
Apo Golf	1	530	530	-
Tagaytay Midlands	1	650	650	-
Metroclub	1	250	250	-
Italian Country Club	89	-	-	-
	91,109	**P 13,610**	**P 13,610**	**P -**

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule B - Amounts Receivable/Accounts Payable from/to Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2020
(Amounts in Thousand Philippine Pesos)

			Deductions		*Ending Balance*		
Name and designation of debtor	*Balance at beginning of period*	*Additions*	*Amounts collected*	*Amounts written off*	*Current*	*Not current*	*Balance at end of period*

NOT APPLICABLE

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2020
(Amounts in Thousand Philippine Pesos)

			Deductions		*Ending Balance*		
Name and designation of debtor	*Balance at the beginning of the period*	*Additions*	*Amounts Collected*	*Amounts written off*	*Current*	*Non Current*	*Balance at the end of the period*
Advances to Subsidiaries:							
512 Acacia Holdings Corporatio	P 189,116	P 9,870	-	P	P 198,986	P	P 198,986
Apice Solare Resources Corp.	42,474	1,828	-		44,302		44,302
Auburnrite Holdings, Inc.	-	299,798	-		299,798		299,798
Bricktree Properties, Inc.	3,193	215,058	-		218,251		218,251
Bright Ventures Realty, Inc.	5	2,295	(73)		2,227		2,227
Brillar Realty And Development	57,333	2,691	-		60,024		60,024
Bulalacao Property Holdings In	3,788	163	-		3,951		3,951
Busuanga Bay Holdings, Inc.	8,404	353	-		8,757		8,757
Calamian Prime Holdings, Inc.	2,947	130	-		3,077		3,077
Carnell Realty, Inc.	67,571	2,833	-		70,404		70,404
Casa Sabroso Holdings Inc.	902	515	-		1,417		1,417
Caticlanscapes Realty Developm	3,863	17	(3,881)		(1)		(1)
Cliffside Rock Realty, Inc.	214	21	-		235		235
Coron Islands Holdings, Inc.	14,784	616	-		15,400		15,400
Dimanyan Wakes Holdings, Inc.	6,494	276	-		6,770		6,770
Dor Adab Realty Development In	405	51	-		456		456
E- Fare Investment Holdings, I	3,682	186	(3,868)		-		-
El Montañas Realty Corp	32,239	1,356	-		33,595		33,595
Elite Montagne (Bel Aldea Real	6,709	286	-		6,995		6,995
Excel Unified Land Resources C	-	63	(63)		-		-
First Hq-Ayala Business Center	-	8	(8)		-		-
First Monte Sierra Realty Corp	61,089	2,886	-		63,975		63,975
Grandioso Realty Corporation	111,694	5,648	-		117,342		117,342
High Garden Land Resources Inc	215	20	-		235		235
Hq Business Center Phils., Inc	-	7	(7)		-		-
Imperio Sureste Realty Inc.	226	14	-		240		240
Integrated Geosolutions Inc	36,322	12,228	-		48,550		48,550
Kingsborough Realty Inc.	60,470	2,526	(1)		62,995		62,995
La Belle Plume (Maravilla Hous	5,895	141	(6,036)		-		-
La Verduras Realty Corp	157,561	6,424	(10,000)		153,985		153,985
Lanes & Bi-Ways Realty Corp	972,433	39,548	(10,026)		1,001,955		1,001,955
Maison 17 Properties, Inc.	-	10	(10)		-		-
Malay-Nabas Realty Development	-	-	-		-		-
Max Harvest Holdings Inc.	8,581	589	-		9,170		9,170
Moonspring Development, Inc.	3,639	80	(3,719)		-		-
Newscapes Haven Development, I	10,791	65	(10,856)		-		-
One Wilson Cayenne Holdings, I	42,460	68,123	-		110,583		110,583
Palawan White Sands Holding Co	2,111	100	-		2,211		2,211
Picanto De Alta Realty Corp	175,026	7,338	-		182,364		182,364
Premiata Realty Inc.	127,128	5,226	-		132,354		132,354
Promesa Land Resources, Inc.	7,124	239	-		7,363		7,363
Quick Silver Development	17,535	9,746	-		27,281		27,281
Rapidshare Realty And Developm	752,853	32,948	-		785,801		785,801
Roca Pesada Realty Corp	114,011	5,102	-		119,113		119,113
Silang Resources, Inc.	-	7	(7)		-		-
Smc Originals	111,768	4,883	-		116,651		116,651
Smpi Makati Flagship Realty Co	482	216	(482)		216		216
Sta. Cruz Resource Management,	113,215	5,267	-		118,482		118,482
Tanauan Resources, Inc.	519,641	23,605	-		543,246		543,246
Tierra Castellanas Development	30,773	1,475	-		32,248		32,248
Tierra Verdosa	4,849	53,281	-		58,130		58,130
Uno Clarity Investment Holding	50,727	2,942	-		53,669		53,669
Zee2 Resources Inc.	522,523	36,594	-		559,117		559,117
Zobel Polo Club Inc.	-	6	(6)		-		-
	P 4,465,265	**P 865,698**	**(P 49,043)**	**P -**	**P 5,281,920**	**P -**	**P 5,281,920**

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule D - Intangible Assets - Other Assets
December 31, 2020
(Amounts in Thousand Philippine Pesos)

Description	Beginning balance	Additions at cost	Deduction: Charged to cost and expenses	Deduction: Charged to other accounts	Deduction: Other changes additions (deductions)	Ending balance
Goodwill	**P 27,463**	**P -**	**P -**	**P -**	**P -**	**P 27,463**
Trademarks and Other Intangibles						
Cost:						
Licenses	P 35,171	P 960	P -	P -	P -	P 36,131
Land use rights	164,213	-	-	-	-	164,213
Other Intangibles	-	-	-	-	-	-
	P 199,384	P 960	P -	P -	P -	P 200,344
Accumulated Amortization and Impairment Losses:						
Licenses	(P 33,631)	P -	(P 987)	P -	P -	(P 34,618)
Land use rights	(842)	-	(211)	-	-	(1,053)
Other Intangibles	-	-	-	-	-	-
	(P 34,473)	-	(P 1,198)	P -	P -	(P 35,671)
Net Book Value:	**P 164,911**	**P 960**	**(P 1,198)**	**P -**	**P -**	**P 164,673**

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule E - Long-Term Debt
December 31, 2020
(Amounts in Thousand Philippine Pesos)

Title of issue and type of obligation	*Amount authorized by indenture*	*Amount shown under caption"Current portion of long-term debt" in related balance sheet*	*Amount shown under caption"Long-Term Debt" in related balance sheet*

NOT APPLICABLE

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule F - Indebtedness to Related Parties
December 31, 2020
(Amounts in Thousand Philippine Pesos)

Name and designation of debtor	*Balance at beginning of period*	*Balance at end of period*
San Miguel Corporation	₱ 33,357	₱ 33,357

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2020
(Amounts in Thousand Philippine Pesos)

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 an outstanding*	*Amount owned by person for which statement is filed*	*Nature of guarantee*

NOT APPLICABLE

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule H - Capital Stock
December 31, 2020
(Amounts in Thousand Philippine Pesos)

				Number of shares held by		
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related balance sheet caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Related parties*	*Directors, officers and employees*	*Others*
Common shares - P10 par value	1,500,000,000	924,279,419	-	924,201,748	-	77,671

SAN MIGUEL PROPERTIES, INC.
(A Subsidiary of San Miguel Corporation)
3rd Floor, San Miguel Head Office Complex, No. 40 San Miguel Ave., Mandaluyong City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2020
(Amounts in Thousand Philippine Pesos)

Unappropriated Retained Earnings at Beginning of Year		P 2,990,372,954
Less Prior Years' Outstanding Reconciling Items		
Beginning Deferred Asset		(129,002,500)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year		2,861,370,454
Net Profit Realized during the Year		
Net profit per audited financial statements	P 128,863,207	
Deferred tax income	(13,789,570)	115,073,637
Retained Earnings Restricted for Treasury Shares		(9,515,759)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 2,966,928,332**

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
MAP SHOWING THE RELATIONSHIP AMONG AND BETWEEN THE COMPANY AND ITS RELATED ENTITIES
December 31, 2020

TOP FRONTIER INVESTMENT HOLDINGS, INC.

CLARIDEN HOLDINGS, INC.

SAN MIGUEL CORPORATION

BEVERAGES **FUEL & OIL** **MINING**
FOOD **INFRASTRUCTURE**
PACKAGING **POWER & ENERGY**
OTHER SAN MIGUEL SUBSIDIARIES/AFFILIATES

SAN MIGUEL PROPERTIES, INC.

WHOLLY OWNED SUBSIDIARIES

512 ACACIA HOLDINGS CORP.	100.00%
AUBURNRITE HOLDINGS, INC.	100.00%
APICE SOLARE RESOURCES CORP.	100.00%
BRIGHT VENTURES REALTY, INC.	100.00%
BRILLAR REALTY DEVELOPMENT CORPORATION	100.00%
BRICKTREE PROPERTIES, INC.	100.00%
BULALACAO PROPERTY HOLDINGS, INC.	100.00%
BUSUANGA BAY HOLDINGS, INC.	100.00%
CALAMIAN PRIME HOLDINGS, INC.	100.00%
CARNELL REALTY INC.	100.00%
CASA SABROSO HOLDINGS, INC.	100.00%
CATICLANSCAPES REALTY DEVELOPMENT, INC.	100.00%
CLIFFSIDE ROCK REALTY INC	100.00%
CORON ISLANDS HOLDINGS, INC.	100.00%
DIMANYAN WAKES HOLDINGS, INC.	100.00%
DOR ADAB REALTY DEVELOPMENT INC	100.00%
EL MONTAÑAS REALTY CORPORATION	100.00%
ELITE MONTAGNE REALTY CORP.	100.00%
FIRST MONTE SIERRA REALTY CORP.	100.00%
GRANDIOSO REALTY CORPORATION	100.00%
HIGH GARDEN LAND RESOURCES INC.	100.00%
IMPERIO SURESTE REALTY INC.	100.00%
KINGSBOROUGH REALTY INC.	100.00%
LA BELLE PLUME REALTY, INC.	100.00%
LANES & BI-WAYS REALTY CORP.	100.00%
LA VERDURAS REALTY CORPORATION	100.00%
MALAY-NABAS REALTY DEVELOPMENT, INC	100.00%
MAX HARVEST HOLDINGS INC	100.00%
MOONSPRING DEVELOPMENT, INC.	100.00%
NEWSCAPES HAVEN DEVELOPMENT, INC.	100.00%
ONE WILSON CAYENNE HOLDINGS, INC.	100.00%
PALAWAN WHITE SANDS HOLDINGS CORPORATION	100.00%
PICANTO DE ALTA REALTY CORP.	100.00%
PREMIATA REALTY INC.	100.00%
PROMESA LAND RESOURCES, INC.	100.00%
QUICKSILVER DEVELOPMENT CORPORATION	100.00%
RAPIDSHARE REALTY DEVELOPMENT CORPORATION	100.00%
ROCA PESADA REALTY CORPORATION	100.00%
SILANG RESOURCES, INC.	100.00%
SMC ORIGINALS, INC.	100.00%
STA. CRUZ RESOURCE MANAGEMENT, INC.	100.00%
TANAUAN RESOURCES, INC.	100.00%
TIERRA CASTELLANAS DEVELOPMENT, INC.	100.00%
TIERRA VERDOSA REAL ESTATE SERVICES, INC.	100.00%
UNO CLARITY INVESTMENT HOLDINGS, INC.	100.00%
ZEE2 RESOURCES, INC.	100.00%
SMPI-MAKATI FLAGSHIP REALTY CORP.	100.00%

SMPI-MAKATI FLAGSHIP REALTY CORP. → 100% → MAISON 17 PROPERTIES, INC.

HQ BUSINESS CENTERS PHIL., INC.	100.00%

HQ BUSINESS CENTERS PHIL., INC. → 60% → FIRST HQ AYALA BUSINESS CENTERS, INC.

99.97%	E-FARE INVESTMENT HOLDINGS, INC.
70.00%	ZOBEL POLO CLUB, INC.
68.30%	INTEGRATED GEOSOLUTIONS, INC.
51.50%	EXCEL UNIFIED LAND RESOURCES CORPORATION
39.93%	BANK OF COMMERCE
20.00%	NORTHPINE LAND, INC.

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
Supplemental Schedule of Financial Soundess Indicators
December 31, 2020, 2019 and 2018
(Amounts in Thousand Philippine Pesos)

Ratio	Formula	2020		2019		2018	
Current ratio	Total current assets / Total current liabilities	**7,264,094 / 14,770,901**	**0.49**	8,174,391 / 14,308,357	0.57	7,172,535 / 11,808,813	0.61
Acid test ratio	Quick assets / Total current liabilities	**3,127,867 / 14,770,901**	**0.21**	4,207,792 / 14,308,357	0.29	3,329,988 / 11,808,813	0.28
Solvency ratio	Total liabilities / Total assets	**14,964,936 / 41,500,050**	**0.36**	14,522,540 / 36,737,096	0.40	11,904,727 / 32,985,764	0.36
Debt-to-equity ratio	Total liabilities / Total equity	**14,898,369 / 26,427,227**	**0.56**	14,453,160 / 22,065,757	0.66	11,841,358 / 20,888,943	0.57
Assets-to-equity ratio	Total assets / Total equity	**41,500,050 / 26,535,114**	**1.56**	36,737,096 / 22,214,556	1.65	32,985,764 / 21,081,037	1.56
Interest rate coverage ratio	Earnings before interest and taxes / Interest expense	**823,650 / 425,136**	**1.94**	704,196 / 601,586	1.17	777,770 / 421,945	1.84
Return on equity	Net profit / Average total equity	**289,224 / 24,374,835**	**1.19%**	20,361 / 21,647,796	0.09%	285,681 / 20,330,675	1.41%
Return on assets	Net profit / Average total assets	**289,224 / 39,118,573**	**0.74%**	285,681 / 31,849,984	0.90%	383,315 / 30,073,008	1.27%
Net profit margin	Net profit / Revenues	**289,224 / 2,212,331**	**13.06%**	285,681 / 1,897,612	15.05%	383,315 / 2,393,675	16.01%

Annex “E”

Reports on SEC Form 17-C

<table>
<tr><th>Reporting Date</th><th>Report</th></tr>
<tr><td>January 3, 2020</td><td><u>Certificate of Attendance of Directors</u>

<u>Certificate of Compliance with Manual on Corporate Governance</u></td></tr>
<tr><td>March 10, 2020</td><td><u>Details of Other Activities Relative to the Annual Stockholders’ Meeting</u>

“We disclose that the Board of Directors during the regular board meeting of San Miguel Properties, Inc. (the “Company”) held on 10 March 2020, has approved that the Annual Stockholders’ Meeting (or “Meeting”) of the Company will be held on 13 May 2020. The record date for stockholders that will be entitled to be given notice to vote and attend at the said Meeting shall be on 15 April 2020.

Details of other activities relative to the holding of the Company’s Annual Meeting are as follows:
<table>
<tr><th>Date</th><th></th></tr>
<tr><td>April 15, 2020</td><td>Record Date</td></tr>
<tr><td>April 20 to May 4, 2020</td><td>Closing of Books</td></tr>
<tr><td>May 6, 2020</td><td>Deadline for submission of proxies</td></tr>
<tr><td>May 8, 2020</td><td>Validation of proxies</td></tr>
<tr><td>May 13, 2020</td><td>Stockholder’s Meeting/ Organizational Meeting
2:30 p.m., Executive Dining Room, 2nd Floor, SMC Head Complex, No. 40 San Miguel Avenue, Mandaluyong City”</td></tr>
</table>

<u>Resignation of Engr. Christopper T. Malaca</u>

“In the same meeting, the Board of Directors has accepted the resignation of Engr. Christopper T. Malaca as Technical Services and Property Management Manager effective 31 December 2019.

In this regard, please note that Engr. Julius A. Marzoña assumes as Head of the Technical Services Group, with the rank of Assistant Vice-President, in view of the aforementioned resignation of Engr. Malaca.”</td></tr>
<tr><td>May 12, 2020</td><td><u>List of Stockholders</u>

“Please be informed that the Annual Stockholders Meeting of San Miguel Properties, Inc. (the “Corporation”) shall be held on 9 June 2020 (Tuesday). We shall accordingly inform the stockholders concerned of this schedule and the detail as to the time and venue through the distribution of a Definitive Information Statement.

In this regard, the record date for determining the list of stockholders entitled to vote during the aforementioned meeting, hereto attached as Annex “A”, is on 12 May 2020.”</td></tr>
<tr><td>June 9, 2020</td><td><u>Results of 2020 Annual Stockholders’ Meeting</u>

San Miguel Properties, Inc. (the “Corporation”) hereby reports that the following matters were approved during the 9 June 2020 meeting which was conducted virtually through livestreaming at https://www.youtube.com/watch?v=0RCWv4p4Izc&feature=youtu.be:

A. <u>Annual Stockholders’ Meeting</u>

i. Approval of the Minutes of the Regular Stockholders’ Meeting Held on 22 May 2019
ii. Presentation of Annual Report</td></tr>
</table>

iii. Ratification of All Acts of the Board of Directors and the Corporate Officers

iv. Appointment of Punongbayan and Araullo as external auditor of the Corporation for fiscal year 2020

v. Election of Board of Directors for the Corporation for 2020-2021

1. *Ramon S. Ang*
2. *Aurora T. Calderon*
3. *Jeronimo U. Kilayko - Independent Director*
4. *Mario C. Garcia*
5. *Hector L. Hofileña*
6. *Minita V. Chico-Nazario - Independent Director*
7. *Karen V. Ramos*

Among the aforementioned directors duly elected, two (2) were also elected as independent directors. Attached hereto are copies of the Certifications executed by Mr. Kilayko and Ms. Chico-Nazario, under Annexes "A" and "B" respectively, in connection with their election as independent directors of the Company.

B. Organizational Meeting

The following matters were also taken up during the organizational board meeting via remote communication through Zoom held on 9 June 2020:

i. Approval of the Minutes of the Regular Meeting of the Board of Directors Held on 26 May 2020

ii. Election of By-Law Officers

Name	***Position***
Ramon S. Ang	*Chairman and President*
Karen V. Ramos	*General Manager*
Maria Alma C. Geronimo	*Treasurer*
Karen M. Cas-Caballa *Jessehan P. Pia-Perillo*	*Corporate Secretary and Compliance Officer* *Assistant Corporate Secretary*

iii. Election of Board Committee Members and San Miguel Properties, Inc. Retirement Fund Board of Trustees.

Audit Committee

Minita V. Chico-Nazario	*Chairperson*
Aurora T. Calderon	*Member*
Jeronimo U. Kilayko	*Member*
Ferdinand K. Constantino	*Member*

Executive Compensation

Minita V. Chico-Nazario	*Chairperson*
Jeronimo U. Kilayko	*Member*
Ferdinand K. Constantino	*Member*

Nomination and Hearing Committee

Jeronimo U. Kilayko	*Chairperson*
Hector L. Hofileña	*Member*
Aurora T. Calderon	*Member*

SMPI Retirement Fund

1. *Aurora T. Calderon*
2. *Bella O. Navarra*
3. *Ann Lorraine O. Maliksi*
4. *Karen V. Ramos*

iv. Other Matters

1. ***Approval of Group signatories and signing limits under the General Board Resolution***

2. ***Adopting SMC's Information Security Policy and Guidelines***
   2.1. Information Security Management
   2.2. Implementation Roadmap and Localization Guidelines*"*

August 4, 2020

New Manual on Corporate Governance

"San Miguel Properties, Inc. (the "Corporation") hereby reports that Members of the Audit Committee during its meeting held on 4 August 2020, has approved and favorably endorsed for approval of the Board of Directors the New Manual of Corporate Governance in compliance with the Securities and Exchange Commission (SEC) Memorandum Circular No. 24, Series of 2019.

On that same day, the Board of Directors during its regular meeting, pursuant to aforesaid SEC Memorandum Circular, has undertaken the following approvals:

a. Adoption of the New Manual on Corporate Governance of the Corporation; and

b. Creation of the following Board Committees:

	Current	***Approved and For Implementation***
1	*Audit Committee*	*Audit and Risk Oversight Committee*
2	*Nomination and Hearing*	*Corporate Governance, Nomination and Compensation Committee*
	Executive Compensation Committee	
3	*(Executive Compensation Committee functions to be merged under the Corporate Governance, Nomination and Compensation Committee to be created, as mentioned above)*	*Related Party Transactions Committee*

November 4, 2020

Adoption of New Board Committee Charters

"San Miguel Properties, Inc. (the "Corporation") hereby reports that the Board approved the charters of the following Board Committees of the Corporation, on 4 November 2020, as favorably endorsed by said committees during a special joint meeting held on 3 November 2020.

The adoption of the Board Committee charters shall pave the way for the reorganization of the said Committees by instituting the following changes in compliance with the recommendations under Securities and Exchange Commission (SEC) Memorandum Circular No. 24, Series of 2019:

NEW COMMITTEE	*OLD COMMITTEE*	*MEMBERS*	*MEETINGS*
1. Corporate Governance, Nomination and Compensation Committee	*1. Nomination and Hearing Committee* *2. Executive Compensation Committee*	*Chairperson:* *Jeronimo U. Kilayko* *Members:* *Hector L. Hofileña* *Aurora T. Calderon*	*Twice a year (2^{nd} quarter and 4^{th} quarter of the year)*
2. Related Party Transaction Committee	*N/A*	*Chairperson:* *Minita V. Chico-Nazario* *Members:* *Jeronimo U. Kilayko* *Ferdinand K. Constantino*	*Twice a year, as may be needed.*
3. Risk Oversight and Audit Committee	*Audit Committee*	*Chairperson:* *Minita V. Chico-Nazario* *Members:* *Jeronimo U. Kilayko* *Aurora T. Calderon* *Ferdinand K. Constantino*	*Quarterly*

Resignation of RAdm. Aurelio A. Rabusa, Jr.

"In addition, the Board has also accepted the resignation of RAdm. Aurelio A. Rabusa, Jr. as Security and Asset Management Department Manager effective 31 October 2020."

Schedule for the 2021 Board and Audit Committee Meetings

"Finally, the Board of Directors approved the following schedule for the 2021 SMPI Board and Audit Committee meetings:

DATE OF MEETINGS	*TIME*		*REMARKS*
March 8, 2021 (Monday)	*Audit*	*1:30 p.m.*	*Regular Meeting for the 4^{th} quarter of 2020*
	Board	*2:00 p.m.*	
May 3, 2021 (Monday)	*Audit*	*1:00 p.m.*	*Regular Meeting for the 1^{st} quarter of 2021*
	Board	*1:30 p.m.*	
May 12, 2021 (Wednesday)	*SH and Org. Meeting*	*2:30 p.m.*	*Annual General Meeting*
August 2, 2021 (Monday)	*Audit*	*1:30 p.m.*	*Regular Meeting for the 2^{nd} quarter of 2021*
	Board	*2:00 p.m.*	
November 9, 2021 (Tuesday)	*Audit*	*1:30 p.m.*	*Regular Meeting for the 3^{rd} quarter of 2021*
	Board	*2:00 p.m.*	

It was noted that the meeting for the other Committees shall be done once cleared by higher management following the prescribed frequencies in their respective charters."

Annex "F"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JERONIMO U. KILAYKO**, Filipino of legal age, and a resident of 2024 Kalamansi St. Dasmariñas Village, Makati, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of San Miguel Properties, Inc. ("SMPI") and have been its independent director since 8 May 2017.

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

Company	Position/Relationship	Period of Service
K5 Distribution, Inc.	President	2003 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SMPI, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and regulations and other issuances of the Securities and Exchange Commission ("SEC").

4. I am not related to any of the directors/officers/substantial shareholders of SMPI and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. I am acting only as an independent director of SMPI and the following subsidiaries:

Company	Period of Service
512 Acacia Holdings, Inc.	2020 to present
Apice Solare Resources Corp.	2020 to present
Auburnrite Holdings Inc.	2020 to present
Bricktree Properties, Inc.	2020 to present
Bright Ventures Realty, Inc.	2020 to present
Brillar Realty and Development Corp.	2020 to present
Bulalacao Property Holdings Inc.	2020 to present
Busuanga Bay Holdings, Inc.	2020 to present
Calamian Prime Holdings, Inc.	2020 to present
Carnell Realty, Inc.	2020 to present
Casa Sabroso Holdings Inc.	2020 to present
Caticlanscapes Realty Development, Inc.	2020 to present
Cliffside Rock Realty Inc.	2020 to present
Coron Islands Holdings, Inc.	2020 to present
Dimanyan Wakes Holdings, Inc.	2020 to present
Dor Adab Realty Development Inc.	2020 to present
E-Fare Investment Holdings, Inc.	2020 to present
El Montañas Realty Corp.	2020 to present
Elite Montagne Realty Corp.	2020 to present
Excel Unified Land Resources Corp.	2020 to present
First HQ Ayala Business Center, Inc.	2020 to present
First Monte Sierra Realty Corporation	2020 to present
Grandioso Realty Corporation	2020 to present
High Garden Land Resources Inc.	2020 to present
HQ Business Centers Phil., Inc.	2020 to present

Imperio Sureste Realty Inc.	2020 to present
Integrated Geosolutions Inc.	2020 to present
Kingsborough Realty, Inc.	2020 to present
La Belle Plume Realty, Inc.	2020 to present
La Verduras Realty Corporation	2020 to present
Lanes and Bi-Ways Realty Corporation	2020 to present
Maison 17 Properties, Inc.	2020 to present
Malay-Nabas Realty Development, Inc.	2020 to present
Max Harvest Holdings Inc.	2020 to present
Moonspring Development, Inc.	2020 to present
Newscapes Have Development, Inc.	2020 to present
One Wilson Cayenne Holdings, Inc.	2020 to present
Palawan White Sands Holdings Corporation	2020 to present
Picanto de Alta Realty Corp.	2020 to present
Premiata Realty, Inc.	2020 to present
Promesa Land Resources, Inc.	2020 to present
Quick Silver Development Corporation	2020 to present
Rapidshare Realty & Development Corporation	2020 to present
Roca Pesada Realty Corporation	2020 to present
Silang Resources, Inc.	2020 to present
SMC Originals, Inc.	2020 to present
SMPI Makati Flagship Realty Corporation	2020 to present
Sta. Cruz Resource Management, Inc.	2020 to present
Tanauan Resources, Inc.	2020 to present
Tierra Castellanas Development, Inc.	2020 to present
Tierra Verdosa Real Estate Services, Inc.	2020 to present
Uno Clarity Investment Holdings, Inc.	2020 to present
Zee2 Resources Inc.	2020 to present
Zobel Polo Club, Inc.	2020 to present

6. I am not acting as nominee or representative of any director or substantial shareholder of SMPI and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or agreement.

7. I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

Offense Charged/Investigated	Tribunal or Agency Involved	Status
A legal suit between private parties (EGI) and the United Coconut Planters Bank (UCPB). I was included only because I was the *former President of UCPB.* (G.R. No. 168859 and G.R. No. 168897)	Supreme Court	The SC affirmed the ruling of the Court of Appeals where appellate court did not find enough evidence on record to already resolve the administrative complaint in favor of EGI and against UCPB, et. al., precisely the reason why it still remanded the case to the BSP Monetary Board for further proceedings. To date no pending proceedings before the BSP.

8. I am neither in government service nor affiliated with a government agency or government-owned and -controlled corporation.

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

10. I shall inform the Corporate Secretary of San Miguel Properties, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done this _______ of day of MAR 12 2021 2021 at Mandaluyong City.

JERONIMO U. KILAYKO
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 12 2021 at Mandaluyong City, affiant exhibiting to me his Driver's License with No. N11-71-016775 expiring on 30 September 2022.

Doc. No. 461;
Page No. 94;
Book No. VII;
Series of 2021.

PAULA KATHERINA A. GAN
NOTARY PUBLIC
ROLL NO. 55988
MANDALUYONG CITY, PHILS.

PAULA KATHERINA A. GAN
Commission No. 0308-19
Notary Public for Mandaluyong City
Until June 30, 2021
(S.C. Resolution dated December 1, 2020)
SMC, 40 San Miguel Ave., Mandaluyong City
Roll No. 55988
PTR No. 4579551, 01/ /21; Mandaluyong City
IBP Lifetime Member No. 013353; 02/05/15; Quezon City
MCLE Compliance No. VI-0019930; 04/14/22; Pasig City

Annex "G"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MINITA V. CHICO-NAZARIO**, Filipino of legal age, and a resident of 299 Governor A. Santos, BF Homes, Parañaque, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of San Miguel Properties, Inc. ("SMPI") and have been its independent director since 9 May 2012.

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

Company	Position/Relationship	Period of Service
San Miguel Food and Beverage Inc. (Formerly: San Miguel Purefoods, Inc)	Independent Director	2015 to present
Top Frontier Investment Holdings, Inc.	Independent Director	2014 to present
Ginebra San Miguel. Inc.	Independent Director	2012 to present
Mariveles Grains, Inc.	Independent Director	2010 to present
Philippine International Grains, Inc.	Chairman of the Board	2010 to present
United Coconut Planters Bank	Legal Consultant	2011 to present
TAN, ACUT, PISON & Associates Law Offices	Legal Consultant	2017 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SMPI, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and regulations and other issuances of the Securities and Exchange Commission ("SEC").

4. I am not related to any of the directors/officers/substantial shareholders of SMPI and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. I am not acting as nominee or representative of any director or substantial shareholder of SMPI and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or agreement.

6. I disclose that I have never been the subject of any criminal/administrative investigation or proceeding.

7. I am neither in government service nor affiliated with a government agency or government-owned and -controlled corporation.

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

9. I shall inform the Corporate Secretary of San Miguel Properties, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 11th of day of January 2021 at Mandaluyong City.

Minita V. Chico-Nazario
MINITA V. CHICO-NAZARIO
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 12 2021 at Mandaluyong City, affiant exhibiting to me her Tax Identification Card with No. 146-148-455.

PAULA KATHERINA A. GAN
Commission No. 0308-19
Notary Public for Mandaluyong City
Until June 30, 2021
(S.C. Resolution dated December 1, 2020)
SMC, 40 San Miguel Ave., Mandaluyong City
Roll No. 55988
PTR No. 4579651, 01/08/21; Mandaluyong City
IBP Lifetime Member No. 013353; 02/05/15; Quezon City
MCLE Compliance No. VI-0019930; 04/14/22; Pasig City

PAULA KATHERINA A. GAN
NOTARY PUBLIC
ROLL NO. 55988
MANDALUYONG CITY, PHILS.

Doc. No. 962;
Page No. 94;
Book No. VII;
Series of 2021.