



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification: K70120

Company Type: Stock Corporation

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SEC eFast Final Acceptance

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Dear **SAN MIGUEL PROPERTIES INC.,**

Greetings!

Your submission has been reviewed and accepted. Please see attached file as proof of acceptance. You can also generate your QR Code page in your account.

SEC Registration No: 0000037338

Company Name: SAN MIGUEL PROPERTIES INC.

Document Code: SEC_Form_17-A

Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

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Please strictly follow the instructions stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer: 1. General Information Sheet (GIS-Stock); 2. General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF); 10. Lending Companies Interim Financial Statements (LCIF).

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COVER SHEET

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S. E. C. Registration Number

S A N M I G U E L

P R O P E R T I E S , I N C .

(Company's Full Name)

N O . 4 0 S A N M I G U E L

A V E N U E , M A N D A L U Y O N G

C I T Y

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

Atty. Karen Cas-Caballa
Contact Person

8632-3282
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

SEC Form 17-A (2025)
FORM TYPE

2nd Wednesday of
0 5 - -
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

908
Total No. of Stockholders

Total Amount of Borrowings

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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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 **31 December 2025**
2. SEC 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. **No. 40 San Miguel Avenue,
Mandaluyong City**
Address of principal office
- 1550**
Postal Code
8. **(02) 8632-3000**
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 8 and 12 of the SRC.

<u>Title of Each Class</u>	<u>Authorized (No. of Shares)</u>	<u>Issued and Outstanding as of 31 December 2025</u>
Common Shares, P10 par value	2,060,000,000	1,858,174,027¹

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: **N/A**
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, and Sections 26 and 141 of the Revised Corporation Code of the Philippines during the preceding twelve (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 ninety (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, 2025, 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.
14. DOCUMENTS INCORPORATED BY REFERENCE. **None**

¹ Excludes the 315,771 Treasury Shares

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

In view of the merger, SMPPPI 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 to San Miguel Properties, Inc. ("SMPI" or the "Company") 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 SEC approved the said change of name. On December 9, 2002, the Company merged with another subsidiary, HOC Realty, Inc. ("HRI"), with the Company as the surviving entity.

Among the Company'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) which owns and operates a full-serviced hotel apartment, located in Legaspi Village, Makati City;
- (b) Bright Ventures Realty, Inc. with a completed high-end residential townhouse with a condominium concept of ownership, known as "**Dover Hill**", 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, known as "**Dover View**", 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 (AFAB);
- (e) Bank of Commerce ("BOC"), which has been serving the Philippine banking community for over 40 years, and in which the Company owns 31.94% of its total and outstanding shares of stock as of December 31, 2025; and
- (f) Excel Unified Land Resources Corporation (Exceland), incorporated in 1995, which developed a high-end residential subdivision, known as "**Wedgewoods**", located in Silang, Cavite. This is as a joint venture project of the Company with Pet Plans, Inc. which is now currently under receivership with the Bank of the Philippine Islands - Asset and Trust Management Group (BPI-ATMG).
- (g) Bricktree Properties, Inc. which is the developer of a future eco-luxury leisure and tourism development in Bugsuk Island, Palawan.
- (h) Tierra Verdosa Services Corp. (TVSC) was incorporated and registered with the Philippine Securities and Exchange Commission on July 11, 2019. TVSC provides administrative and support services for land acquisition activities conducted by its clientele within and outside the Philippines, including dealings with public and private third parties.

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 Company's and its significant subsidiaries' operations, other than those described in the **Management's Discussion and Analysis** attached hereto as **Annex "C"**.

PRODUCTS

A. Projects

Residential Developments

Its residential projects located in General Trias, Cavite namely, Bel Aldea, Maravilla and Asian Leaf subdivisions, composing of townhouse and single attached unit concepts.

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

Aside from the Company's existing residential projects located in General Trias, Cavite and Exceland's Sta. Rosa, Laguna Project, the Company and its significant subsidiaries also have townhouse developments in key cities of Metro Manila – Dover Hill of Bright Ventures Realty, Inc. located in San Juan City, One Dover View of Carnell Realty, Inc., and Two Dover View both located in Mandaluyong City, and Emerald 88 in Pasig City. These luxury townhouse developments are catering to the upscale market of Metro Manila.

Lease Operations

The Company leases most of its commercial office spaces and warehouses to San Miguel Corporation, its subsidiaries and affiliates, as well as to third parties. The Company has leasable commercial office spaces in Mandaluyong City, Pasig City, San Juan City, and industrial lots in Bataan, Davao, Antipolo and Cavite, and warehouse in Parañaque.

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 Central Business District, 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.

Tourism Development

The Bugsuk Island Development Project aims to be an eco-luxury leisure and tourism destination, governed by sustainable development principles. It is envisioned to be the economic driver in Southern Palawan.

Services

Provides administrative and support services for Right-of-Way and Non-Right-of-Way projects involving gathering data and information for property research and client's due diligence, valuation, negotiation and acquisition of property rights, coordination of title and tax transfers, and relocation assistance for affected informal settlers.

For the **List of Projects**, please refer to the hereto attached **Annex "A"**.

For the **Company's contribution from sales**, please refer to **Annex "C"** and Note 4 of **Annex "D"** on page 21.

B. Distribution Methods

Due to the depleting inventory level there has been a substantial decrease in the Company's Reservation Sales; thus, there is no need for the Company to widen its network of real estate brokers/sales agents/consultants.

C. Competition

All SMPI-managed buildings are at 100% occupancy level. The Company's lease operation remains stable due to the primacy of the Company'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 Company 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 Company during the year:

1 STOP BATTERY SHOP INC	KM 22 AGUINALDO HI-WAY TANZANG LUMA, IMUS CITY CAVITE
3POLE D BUILDERS INC.	RM 204 STRATA 500 BLDG 1619, CITY OF MANILA
ACKBRENT INCORPORATED	14 B BALBOA ST VISTA VERDE EXEC, CAINTA RIZAL
AERONICS INC	NO. 19 ASHLEY ST NORTH FAIRVIEW, QUEZON CITY
ALL TRANSPORT NETWORK INC	3 STA AGUEDA AVENUE PASCOR DRIVE, CITY OF PARANAQUE
ALL YEAR HOME PRODUCTS, INC.	BATAAN 2020 COMPOUND ROMAN, SAMAL BATAAN
ALTON GENERAL MERCHANDISING	#169 NATIONAL HIGHWAY SAN PEDRO, PUERTO PRINCESA CITY PALAWAN
ARCHEN TECHNOLOGIES INC	38 GEN. DELGADO ST., SAN ANTONIO, CITY OF PASIG
ARTICLES, PRINTS, AND PREMIUM MERCHANTS INC	416-418 2ND FLOOR JSA BUILDING EL, CITY OF PARANAQUE
AWARDEXTREMES, INC.	B6 L2 RUBY ST CASIMIRO WESTVILLE, BACOR CAVITE
BES TRADING, CONSTRUCTION & AIRCON SERVICES	MC-5K MALIGAYA, MARIVELES, BATAAN
BITSTOP INC	EAST GATE A B FERNANDEZ EAST, DAGUPAN CITY PANGASINAN
BUSINESS MACHINES CORPORATION	CARSON BLDG., ORENSE ST. GUADALUPE, MAKATI
CITIFIRE COMMERCIAL	UNIT 101-A #9-B SCOUT BORROMEO, QUEZON
CITIWORLD BUSINESS MACHINES SERVICES CORPORATION	3/F GRAYLINE VENTURES BLDG, MANDALUYONG CITY
DALLAS INVESTIGATION & SECURITY SERVICES CORPORATION	502-B 5TH FLR ECJ BUILDING REAL ST, CITY OF MANILA,
EASTERN TELECOMMUNICATIONS PHILS INC	GR/FL TELECOM PLAZA BLDG 316 SEN, MAKATI
ELITEBLUE SECURITY SPECIALIST INC.	UNIT 2 24K MANSION TIMOG AVENUE COR, QUEZON CITY
FIRE OUT MANUFACTURING AND TRADING CO.	162-E M. DE LEON ST SANTOLAN, PASIG CITY

FORMS INTERNATIONAL ENTERPRISES CORPORATION	26 CARMEL AVE PROJECT 6, QUEZON CITY
FUJIFILM BUSINESS INNOVATION PHILIPPINES CORP.	25F SM AURA TOWER 26TH ST. COR., CITY OF TAGUIG
GB ENGINEERING SERVICES	55 BANTAYAN ST. BULIHAN, CITY OF MALOLOS (CAPITAL) BULACAN
GINEBRA SAN MIGUEL INC.	SAN MIGUEL PROP CENTRE BLDG. ST., CITY OF MANDALUYONG
GMO GLOBALSIGN INC.	UNIT 7 & 8 23/F ZUELLIG BLDG., CITY OF MAKATI
GR8 TECH ENTERPRISE INC.	20 MANGA ROAD KAUNLARAN NCR, SECOND, QUEZON CITY
H ASIA TYRE CORPORATION	GOODYEAR AUTOCARE (IN FRONT OF GOODYEAR AUTOCARE), BACOR CAVITE
HANSPAPER CORPORATION	SUITE 808 8/F BTTC CENTRE 288, CITY OF SAN JUAN
INNOVATIVE FINDS CORPORATION	149 TOLENTINO ST., SFDM, QUEZON CITY
INTERNATIONAL ELEVATOR & EQUIPMENT, INCORPORATED	KM 23 WEST SERVICE RD SOUTH, MUTINLUPA CITY
JBE AUXILLARY CORPORATION	REY MARKETING COMPOUND C. RAYMUNDO, CITY OF PASIG
JJED PHILS INC	575 9 DE PEBRERO ST BRGY NEW, MANDALUYONG CITY
KING ACE HARDWARE & INDUSTRIAL SUPPLY CORPORATION	1316 OROQUIETA ST BRGY 322 ZONE 032 , MANILA
KRUGER M & E INDUSTRIES CORP.	B3 WELBORNE INDUSTRIAL PARK BANCAL, CARMONA CAVITE
MAJOR SHOPPING MANAGEMENT CORP.	SM MEGAMALL BLDG. EDSA COR., CITY OF MANDALUYONG
MATRIX CORPORATE SECURITY SERVICES, INC.	NO. 315 CMI BLDG COMMONWEALTH, QUEZON CITY
MOTRADE INCORPORATED	109 SHAW BLVD ORANBO, PASIG CITY
NANOTECH ANALYTICAL SERVICES & TRAINING (NASAT) CO	B7 L2 UNIT 9 GROUND FLOOR GPS, CABUYAO LAGUNA
NJLAN ENTERPRISES	BLOCK 21 LOT 16 VISAYAS AVE, QUEZON CITY
NOVARE TECHNOLOGIES, INC. (FORMERLY MICRO-D INTERNATIONAL,	11TH FLOOR MDI CORPORATE CENTER NCR, FOURTH DISTRICT, CITY OF TAGUIG
OMAN LUMBER AND HARDWARE CORPORATION	MT. VIEW, MARIVELES BATAAN
OSTREA MINERAL LABORATORIES INC.	BRGY. ROAD MAMPLASAN, BINAN LAGUNA
PETRON CORPORATION	40 GROUND FLOOR SAN MIGUEL HEAD SECOND DISTRICT, CITY OF MANDALUYONG
POWERTECH REFRIGERATION-AIR-CONDITIONING & INDUSTRIAL SERVICE	FORMER STI BLDG. BRGY. 2 TIBAG, CALAMBA CITY LAGUNA
QUARTZ BUSINESS PRODUCTS CORPORATION	15TH FLOOR CAPITAL HOUSE 9TH AVE., TAGUIG CITY
S1. TECHNOLOGIES, INC.	70 DE JESUS ST. SAN FRANCISCO, QUEZON CITY
SCUD INVESTIGATION & SECURITY AGENCY (SISA) INC	ROOMS 502 E & 502 F 5TH FLOOR ECJ, CITY OF MANILA,
SECURITY MASTERS INVESTIGATION INC	RM 502 5F ECJ BLDG REAL ST COR, MANILA
SHELLSOFT TECHNOLOGY CORPORATION	7TH FLR SANTOLAN TOWN PLAZA 276, SAN JUAN CITY
SIGNALHAUS ELECTRONICS & SERVICES	1718 G. SANTIAGO ST BRGY 255 ZONE, MANILA
SINCIOCO INDUSTRIAL SALES	12 MALAYA ST., LA LOMA , QUEZON CITY

SMA TRANSPORT AND LOGISTICS SERVICES, INC.	REY MARKETING COMPOUND C. RAYMUNDO AVENUE ROSARIO NCR, SECOND DISTRICT, CITY OF PASIG
SMARTECH SOLUTIONS PHILIPPINES INCORPORATED	UNIT E LIBRADA CRUZ BUILDING 456, MANDALUYONG CITY
SMITS, INC.	40 SAN MIGUEL AVENUE WACK-WACK GREENHILLS SECOND DISTRICT, CITY OF MANDALUYONG
SOLEIL GARDEN LAND DEVELOPMENT AND LANDSCAPING CORP.	B202-2F CORAL CENTER BLDG. LOT 1, BINAN LAGUNA
SOLID BUSINESS MACHINES CENTER INC.	RM. 303 SINGSON BLDG., # 9 PLAZA, MANILA
SUN MASTER SALES CORPORATION	227 KM. 15 MAC-ARTHUR HIGHWAY, CITY OF VALENZUELA
SVB TIRE AND CAR ACCESSORIES	MAHARLIKA HI-WAY BRGY. SAN NICOLAS, SAN PABLO CITY
SWEET DYNAMICS CORPORATION	959 SAN DIEGO ST., PALASAN SUBD., CITY OF VALENZUELA
TOYOTA CUBAO	926 AUROA BOULEVARD, SAN ROQUE, QUEZON CITY
TOYOTA LUCENA CITY, INC.	LOT # 3719 C1A PAN-PHILIPPINE HIGHWAY, LUCENA CITY QUEZON
TOYOTA PASIG	124 E. RODRIGUEZ, JR. AVE., BO UGONG, PASIG CITY
TOYOTA SANTA ROSA, LAGUNA, INC.	LOT 1968-D SANTA ROSA-TAGAYTAY ROAD, STA. ROSA CITY LAGUNA
TRADEQUEST RESOURCES MKTG., INC.	NO. 59 ERMIN GARCIA PINAGKAISAHAN , QUEZON CITY
TRANE PHILIPPINES	8449 DR. A. SANTOS AVENUE SAN ANTONIO NCR, FOURTH DISTRICT PARANAQUE CITY
YAMADA CK SALES CORP.	52 GROUND FLOOR BALTAZAR ST 6TH AVE, CALOOCAN CITY
ZENSHIN SYSTEMS CORPORATION	25 G ROXAS SAN JOSE 25 G ROXAS SAN JOSE, QUEZON CITY

E. Customers

The Company is not dependent on a single or few customers, the loss of any of which would have no material adverse effect on the Company 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 24 of **Annex "D"** on page 58.

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 (DENR) then issues the Environmental Compliance Certificate, or if it is less than two (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 Company 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.

SERVICES

- A. Research – the collection and analysis of all available records of the property and identification of all parties having any ownership interest in the property to be acquired
- B. Value Analysis/Appraisal – the establishment of estimating the fair market value (FMV) of a property
- C. Negotiation – process of acquiring property rights from owners
- D. Due Diligence – an investigation aimed at uncovering any existing risks or defects in a real estate asset; aims to supplement property acquisition decisions through extensive review of the current documents and technical descriptions of a property which includes the review of titles, tax declaration and clearance, identification of any issues, technical measurements, and zoning identification
- E. Title and Tax Declaration Transfer – coordination with the relevant government agencies such as the Assessor's Office, Bureau of Internal Revenue, Registry of Deeds, etc. on the processing of transfer and payment of taxes and fees
- F. Relocation – providing relocation assistance to eligible persons or business displaced from right-of-way projects

Government Regulations

The Company has no knowledge of recent or impending governmental regulations, the implementation of which will result in a material adverse effect on the Company and its significant subsidiaries' business or financial position.

Various government agencies in the Philippines regulate the different aspects of the Company's acquisition, development, construction and services related businesses. The following are noteworthy laws relevant to the Company:

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

1.1. SEC Memorandum Circular No. 1, Series Of 2025 - 2025 Filing of Annual Financial Statements

The Commission provide a coding schedule to maintain an organized and orderly filing of 2025 Annual Financial Statements (AFS).

1.2. SEC MC NO. 6, SERIES OF 2025 - Reduction of Fees and Charges for It-Related Services Under SEC MC NO. 10, S. 2023

The commission reduced the prescribed fees and charges in securing official SEC documents by 50% for information technology (IT)-related services. This is in line with the SEC's goal to ensure fair and sustainable pricing mechanism to allow for greater

access to corporate data, while avoiding undue financial burden to the corporate sector and the general public.

- 1.3. SEC MC No. 7, Series Of 2025 - Affirming The Commission's Commitment To Ease of Doing Business and Providing for Strict Timelines in the Processing of Applications and the Guidelines for Applications Deemed Approved

The Commission affirms its commitment to the Ease of Doing Business (EODB) and covers the processing of all applications for permits, licenses, registrations, certificates, clearances, accreditations, and other authorizations — collectively referred to as “Applications”.

- 1.4. SEC MC No. 15, Series Of 2025 - Revised Beneficial Ownership Disclosure Rules

The Commission provide a comprehensive regulatory framework for reporting entities under the Commission's jurisdiction to provide accurate beneficial ownership information to the SEC in a timely manner. These Rules are referred to as the “Beneficial Ownership Disclosure Rules of 2026” (Rules), effective 01 January 2026.

- 1.5. SEC MC No. 16, Series Of 2025 - Adoption of Philippine Financial Reporting Standards (PFRS) on Sustainability Disclosures and Issuance of Reporting Guidelines for Publicly Listed Companies and Large Non-Listed Entities

The Commission aims to promote sustainability reporting and enhance its relevance to Philippine publicly listed companies (PLCs) and large non-listed entities (LNLs). MC No. 16-2025 operationalizes the adoption of the Philippine Financial Reporting Standards (PFRS) S1, General Requirements for Disclosure of Sustainability-related Financial Information and PFRS S2, Climate-related Disclosures and issues the Sustainability Reporting Guidelines for PLCs and LNLs (the “SR Guidelines”), which includes the PFRS Adoption Roadmap (“Roadmap”).

2. Issuances of the Bureau of Internal Revenue

- 2.1. Revenue Regulations No. 10-2025, Amending the Pertinent Provisions of Revenue Regulations No. 16-2005 To Implement the Value-Added Tax Provisions Under Sections 106, 108, 109, and 112 the National Internal Revenue Code Of 1997, As Amended By Republic Act No. 12066

The BIR issued regulations clarifying the definition of export sales, zero-rated sales of services and goods, and VAT-exempt transactions, and outline the rules for filing VAT refunds/credits related to zero-rated sales under RA No. 12066.

- 2.2. Revenue Memorandum Order No. 12-2025 - Updated Policies and Procedures in Processing One-Time Transactions (Onett)

The BIR issued memorandum to streamline and update the procedures for processing One-Time Transactions (ONETT) for both online and walk-in ONETT applications involving transactions such as the sale, donation, or transfer of real and personal properties.

- 2.3. Revenue Memorandum Circular No. 31-2025, Clarification on the provisions on the applicable taxes due on sale of property considered as ordinary assets of the seller and other relevant matters

The BIR issued memorandum clarifying the provisions on the applicable taxes due on sale of property considered as ordinary assets of the seller and other relevant matters. This reinforces stricter compliance expectations for real estate developers, dealers, and businesses habitually engaged in property transactions.

- 2.4. Revenue Memorandum Circular (Rmc) No. 81-2025 - Reiterating the Criteria and Guidelines on the Deductibility of Ordinary and Necessary Expenses Under Section 34(A)(1)(A) of the National Internal Revenue Code Of 1997, As Amended

The BIR issued Revenue Memorandum Circular (RMC) No. 81-2025 reiterating the criteria and guidelines on the deductibility of Ordinary and Necessary Expenses under Section 34(A)(1)(a) of the National Internal Revenue Code of 1997, as amended.

3. Issuance of the Department of Human Settlements and Urban Development

- 3.1. Memorandum Circular No. 2025-006 – Reiteration of Policies on Application and Issuance of Certificate of Completion (COC) for Real Estate Developments

Reiterates policies on the application and issuance of COC for real estate developments

- 3.2. Memorandum Circular No. 2025-005 – Amendment on Certificate of Completion Forms under Memorandum Circular No. 2024-008, or the “Adopting and Prescribing the Use of Standard Form”

Mandates the uniform use of prescribed forms to ensure consistency and efficiency in regulatory processes. As part of the Department’s continuing efforts to enhance policy implementation and to ensure consistency, compliance, and uniformity in the issuance of the COCs, the standard forms were revised.

4. Issuance of the National Privacy Commission (NPC)

- 4.1. NPC Advisory No. 2025 – 01 - Clarification on Certain Provisions of NPC Circular No. 2020-03 on Data Sharing Agreements

NPC clarifies that data sharing must have a lawful basis under the Data Privacy Act, while the execution of a Data Sharing Agreement is optional, not mandatory, and serves only to document terms, responsibilities, and safeguards—not to establish legal authority for data sharing.

- 4.2. NPC Circular No. 2025 – 01 - Guidelines on the Processing of Personal Data Collected Using Body-Worn Cameras

NPC provides guidelines on the lawful, fair, and secure processing of personal data collected through body-worn cameras, requiring a lawful basis, transparency, proportionality, appropriate security measures, and respect for data subject rights.

5. Issuance of the Anti-Money Laundering Council (AMLC)

- 5.1. Advisory on the Use of Reporting Formats Upon the Implementation of Transaction Reporting and Compliance Submissions (GoTRACS) on 02 January 2026

The AMLC issued guidance on the phased transition to GoTRACS, with mandatory use of Reporting Format X effective 03 January 2026. The GoTRACS was promulgated to provide covered persons with a set of guidelines to carry out one of their primary duties as covered persons, particularly on transaction reporting.

- 5.2. Advisory to All Covered Persons to Deal Only with Designated Non-Financial Businesses and Professions Registered with the AMLC

The AMLC requires covered persons to deal only with Designated Non-Financial Businesses and Professions (DNFBPs) that are duly registered with the AMLC and to verify valid Certificates of Registration as part of customer due diligence, with non-compliance subject to administrative sanctions.

6. Republic Act No. 12214 - Capital Markets Efficiency Promotion Act (CMEPA)

The law aims to enhance the competitiveness and inclusivity of the Philippine capital markets. By amending key provisions of the National Internal Revenue Code, the law aims to reduce investment costs, simplify tax structures, and encourage broader participation among Filipinos.

7. BSP Circular Letter No. CI-2025-045 - Financial Action Task Force (FATF) Publications

The Bangko Sentral ng Pilipinas (BSP) issued Circular Letter No. CL-2025-045 informing all BSP-supervised financial institutions of the Financial Action Task Force (FATF) publications dated 24 October 2025, calling on all members to apply countermeasures with respect to high-risk jurisdictions, namely the Democratic People's Republic of Korea and Iran, and to apply risk-based Enhanced Due Diligence (EDD) measures for Myanmar.

The circular also notes the removal of Burkina Faso, Mozambique, Nigeria, and South Africa from the FATF's list of jurisdictions under increased monitoring. Meanwhile, the FATF reaffirms the continued suspension of the Russian Federation's membership, urging members to remain vigilant against circumvention risks. Financial institutions are directed to regularly monitor FATF issuances and incorporate them into their risk assessment and mitigation frameworks.

Compliance with Environmental Laws

The Company 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.

Human Resources and Labor Matters

As of December 31, 2025, SMPI has one hundred six (106) regular employees, broken down into the following departments: (i) Office of the General Manager – 31; (ii) Finance and Treasury – 13; (iii) Legal and Asset Management Services Department – 12; (iv) Sales and Marketing – 4; (v) Accounts Management – 10; (vi) Special Projects – 23; (vii) HR & Admin. – 8; (viii) Operational Efficiencies Unit - 2; and (ix) Post Acquisition Group - 3. The Company expects significant changes in its existing workforce level within the ensuing twelve (12) months.

There are three (3) probationary employees in the Company.

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 22 of **Annex "D"** on page 49 for employee benefits.

Major Risks

Inherent in the Company'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 Company 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 Company 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 Company 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 Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with its parent Group, in close cooperation with the Board of Directors, and focuses on actively securing the Company'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 Company's other major business risk, please see Note 28 of **Annex "D"** on page 65.

Item 2. Properties

The Company's and its significant subsidiaries' residential projects and the Company's leasable properties, are attached hereto as **Annex "A"**.

The Company and its significant subsidiaries owned properties are attached hereto as **Annex "B"**.

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

Item 3. Legal Proceedings

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 or their respective results of operations.

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

There were no matters submitted to a vote of the Company's shareholders through the solicitation of proxies or otherwise, during the fourth quarter of 2025.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Company'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, 2025 is 908.

The top 20 stockholders of the Company as of December 31, 2025 are as follows:

Rank	Name of Stockholders	Nationality	No. of Shares	% of Total O/S
1	San Miguel Corporation	Filipino	1,856,290,345	99.898627
2	Philippine Breweries Corporation	Filipino	1,525,672	0.0821060
3	San Miguel Foundation, Inc.	Filipino	280,332	0.0150860
4	Heirs of Fidel & Teresita Reyes Inc.	Filipino	15,667	0.0008430
5	Ronald Manese	Filipino	3,744	0.000201
6	Society of the Divine Word	Filipino	3,456	0.000186

Rank	Name of Stockholders	Nationality	No. of Shares	% of Total O/S
7	B.R. Medrano	Filipino	2,196	0.000118
8	Ronald S. Po	Filipino	1,840	0.000099
9	Anglo Agricultural Dev't. Corporation	Filipino	1,776	0.000096
10	Benjamin C. Reyes	Filipino	1,744	0.000094
11	Ma. Luisa Llamado	Filipino	1,734	0.000093
12	Arturo C. Reyes	Filipino	1,730	0.000093
13	PCD Nominee Corp. (Filipino)	Filipino	1,729	0.000093
14	Amado O. Milan &/or Dolores M. Milan	Filipino	1,728	0.000093
15	Varifold Marketing Corporation	Filipino	1,728	0.000093
16	Teresita R. Reyes	Filipino	1,458	0.000078
17	Eva S. Recio	Filipino	1,399	0.000075
18	G. D. Tan & Co., Inc.	Filipino	1,090	0.000059
19	Antonio Q. Sevilla	Filipino	1,000	0.000054
20	Aurelia V. Agonias	Filipino	864	0.000046

The Corporation declared cash dividends on 16 December 2024, in the amount of Two and 67/100 Pesos (P2.67) per share on the outstanding capital stock of the Company of 1,499,684,299 shares, or equivalent to Four Billion Four Million One Hundred Fifty Six Thousand Eight Hundred Ninety One Pesos (P4,004,156,891.00), which were paid as of 31 December 2025.

Item 6. Management's Discussion and Analysis or Plan of Operation

The information required by Item 6 may be found on **Annex "C"** attached hereto.

Item 7. Financial Statements

The 2025 Audited Consolidated Financial Statements of the Company, 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-J, 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 appointment, reappointment, and removal of the external auditor shall be recommended by the Risk and Oversight Audit Committee, and shall be approved by the Board of Directors and stockholders. The Risk Oversight and 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.

The accounting firm of Punongbayan and Araullo ("P&A") served as the Company's external auditor for the fiscal year 2025. Representatives of P&A are expected to be present at the stockholders' meeting and will be available to respond to appropriate questions. They will have the opportunity to make a statement if they so desire.

The Company's total audit fees for 2025 amounted to P5.330 million, exclusive of out-of-pocket expenses. P&A also rendered services for the Agreed-Upon Procedures engagement necessary for the Company's application for increase in authorized capital stock for a fee of P0.150 million.

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

There are no disagreements with the Company's 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 directors and key executive officers of the Company that served as such in the year 2025, 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, 72, has been the Chairman of the Company since May 28, 2002. He formerly served as President of the Company from August 11, 2010 to May 6, 2025. He also holds, among others, the following positions: Chairman and Chief Executive Officer (CEO) of San Miguel Corporation and SMC Asia Cars Distributors Corp.; President and CEO of Top Frontier Investment Holdings, Inc., Petron Corporation, and New NAIA Infra Corp.; Chairman, CEO, President, and COO of San Miguel Global Power Holdings Corp.; Chairman, President, and CEO of SMC TPLEX Corporation; Chairman and President of Integrated Geosolutions Inc., San Miguel Beverages, Inc., San Miguel Infrastructure Corporation, San Miguel Holdings Corp., and Privado Holdings Corporation; Chairman of SMPI Makati Flagship Realty Corp., San Miguel Brewery, Inc., Magnolia, Inc., San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, San Miguel Equity Investments Inc., Anchor Insurance Brokerage Corp., Eagle Cement Corporation, Northern Cement Corporation, Clariden Holdings, Inc., Philippine Diamond Hotel & Resort Inc., San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia); and President of Ginebra San Miguel Inc. He formerly held the following positions: CEO of Paper Industries Corporation of the Philippines; Chairman of Cyber Bay Corporation and Liberty Telecoms Holdings, Inc.; President and COO of PAL Holdings, Inc., and Philippine Airlines, Inc.; Vice Chairman of Manila Electric Company; and 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.

John Paul L. Ang, Filipino, 46, has been the President of the Company since May 14, 2025. He is currently a member of the Related Party Transaction Committee of the Company. He also holds, among others, the following positions: President, COO, and Director of San Miguel Corporation; President and CEO of Executive Office and Chairman of Executive Committee of Eagle Cement Corporation; President and CEO of San Miguel Food and Beverage, Inc. and South Western Cement Corporation; Chairman, President and CEO of Southern Concrete Industries Inc.; Chairman and President of Prima Lumina Gold Mining Corp. and V.I.L. Mines Incorporated; Vice Chairman and Member of Executive Committee of San Miguel Global Power Holdings Corp.; President of San Miguel Equity Investments Inc., Mandaluyong City, Guimaras Ridge Property Development Inc., Lucky Nine Properties, Inc., Mabini Properties Inc., and Clariden Holdings, Inc. and Pacific Nickel Philippines, Inc.; President and General Manager of Excelon Asia Holdings Corporation and New Manila Properties, Inc.; President and Vice Chairman of Philnico Industrial Corporation; Director of KB Space Holdings, Inc.; a member of the Board of Directors of Top Frontier Investment Holdings, Inc., Eagle Cement Corporation, San Miguel Food and Beverage, Inc., Petron Corporation, San Miguel Brewery, Inc., Ginebra San Miguel, Inc., Universal LRT Corporation BVI, and Luzon Clean Water Development Corporation and San Miguel Holdings Corp. and Subsidiaries. He was formerly a General Manager, Chief Operating Officer and Member of Nomination and Remuneration Committee of Eagle Cement Corporation; Managing Director of Sarawak Clinker Sdn Bhd., Malaysia, and Purchasing Officer of Basic Cement. He has a Bachelor of Arts degree in Interdisciplinary Studies from Ateneo de Manila University.

Aurora T. Calderon, Filipino, 71, has been a Director of the Company since August 11, 2010. She is currently a member of the Risk Oversight and Audit Committee of the Company. She also holds, among others, the following positions: Senior Vice-President and Senior Executive Assistant to the Chairman and Chief Executive Officer (CEO) of San Miguel Corporation; Director and Treasurer of Top Frontier Investment Holdings, Inc. and SMC Asia Car Distributors Corp.; Chairman and President of Ruzena Estates Development Corporation; Director and President of Petrogen Insurance Corporation; Chairperson and President of East Pacific Star Bottles Phils. Inc. and Chairperson of Global Beverage Holdings Limited; a member of the Board of Directors of San Miguel Food and Beverage, Inc, Process Synergy,

Inc., SMITS, Inc., San Miguel Yamamura Packaging Corporation, San Miguel Aerocity Inc., Petron Corporation, Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia), San Miguel Global Power Holdings Corp., TransAire Development Holdings Corp., Ginebra San Miguel Inc., San Miguel Equity Investments Inc., and various SMC domestic and international subsidiaries. She was formerly a Director of PAL Holdings, Inc., Philippine Airlines, Inc., Trustmark Holdings Corporation, Zuma Holdings and Management Corporation, Air Philippines Corporation, Manila Electric Company, and Vega Telecom, Inc.. A certified public accountant, she graduated magna cum laude from the University of the East with a degree in Bachelor of Science in Business Administration, major in Accountancy.

Josefina Guevara-Salonga, Filipino, 84, has been elected as an Independent Director of the Company since March 7, 2022. She has also been the Independent Director of SMC Global Power Holdings Corp. since 2017. She formerly held the following positions: Trustee of Tahanan Outreach Program and Service (2010-2018); Trustee of Society for Judicial Excellence from (2007-2014); Technical Consultant of Government Service Insurance System (2014-2016); Associate Justice of the Court of Appeals; and Executive Judge of the Makati Regional Trial Court. She is currently a member of the following associations: San Pedro, Laguna Lawyer's Association, Philippine Women Judges' Association, and UP Women Lawyers' Circle since 1966. She obtained her Bachelor of Laws degree at the University of the Philippines, Diliman.

Cecile L. Ang, Filipino, 44, has been a director of the Company since May 12, 2021. She is currently a member of the Corporate Governance, Nomination and Compensation Committee of the Company. She also holds, among others, the following positions: President of Diamond Hotel Philippines; Vice President of New NAIA Infra Corp. and San Miguel Aerocity; Director of San Miguel Corporation, Ginebra San Miguel Inc., SMPI Makati Flagship Realty Corporation; Philippines Stocks Exchange and Board Advisor of Bank of Commerce. She is the Chairperson/Trustee of San Miguel Foundation, Inc. and started the Better World Centers of the Foundation. She has worked with various companies under the San Miguel Group such as Petron Corporation, Intelligent E-Processes Technologies Corp., and San Miguel Foods Inc. She has a Bachelor of Science degree in European Studies from Ateneo de Manila University.

Hector L. Hofileña, Filipino, 96, served as a Director of the Company from May 28, 2002 until May 6, 2025. He was a lecturer at the Ateneo De Manila University and the Philippine Judicial Academy; appointed Dean of the Graduate School of Law of the Pamantasan ng Lungsod ng Maynila (PLM) since 2016; and a voluntary arbitrator in the National Conciliation and Mediation Board of the Department of Labor and Employment (DOLE) since 2016. Justice Hofileña is a former Director of San Miguel Corporation, and a former Associate Justice of the Court of Appeals. He earned his Bachelor of Arts degree, magna cum laude, and his Bachelor of Laws degree, cum laude, at the Ateneo de Manila in 1951 and 1954, respectively.

Jeronimo U. Kilayko, Filipino, 78, has been elected as an Independent Director of the Company since 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; and Trustee of Operations Smile Philippines. He formerly held the following positions: Director of United Chemical Corp. from 2011 to 2025; 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 the Chairperson of the Corporate Governance, Nomination and Compensation Committee and the Related Party Transaction Committee and member of the Risk Oversight and Audit Committee of the Company.

Karen V. Ramos, Filipino, 61, 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. 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 during August 10, 2016 regular board meeting); and President of several subsidiaries of the Company. She formerly held the following positions: Marketing Manager of the Company since April 1, 2007; Director of Northpine Land, Inc; and Head of Planning and Design Department, Corporate Services Division (2004-2007) and Head of Special Services Department, Asset Management Division (2000 – 2003) of the United Coconut Planters Bank.

Karen M. Cas-Caballa, Filipino, 52, is the Corporate Secretary of the Company since August 10, 2015 and was previously appointed as the Group Head of Real Estate Operations last December 16, 2024. Previously, she held the following positions in the Company: Head of the Legal and Asset Management Services Department, Compliance Officer, Assistant Corporate Secretary, and Consultant. She also holds, among others, the following positions: Director of Silvertides Holdings Corporation, Deity Holdings Corporation, Worldsummit Holdings Corporation, Fonterra Verde Holdings, Inc., One Verdana Holdings, Inc., and Pink Dove Development Company Incorporated; Member of the Board of Liquidators of Northpine Land, Inc.; and the Corporate Secretary and Director of several subsidiaries of the Company. She was formerly a Court Attorney of the Court of Appeals and a Legal Officer of the United Coconut Planters Bank. She graduated from San Beda College of Law with a Bachelor of Laws degree. She was admitted to the Philippine Bar in 2000.

Maria Alma C. Geronimo, Filipino, 55, was appointed as the Group Head of Real Estate Support last December 16, 2024. She is also the Head of Finance and Treasury Department of the Company since July 2012 and the Finance and Treasury Head of several subsidiaries of the Company. She was formerly a Director for External Affairs of Angel John Integrated Academy; Board of Trustee of AJIA Vocational and Technical School, Inc.; Financial Controller of Headstrong Philippines, Inc; Senior Manager in the General Accounting Department of Pilipinas Makro, Inc.; Project Manager of Degussa Construction Chemicals, Thailand; Financial Controller of Degussa Construction Chemicals Group; Finance Manager of Landco Pacific Company; and Senior Audit Supervisor of Sycip, Gorres, and Velayo & Co. She has a Bachelor's Degree in Accountancy from Polytechnic University of the Philippines. She has acquired her Certified Public Accountant License in 1992.

Jonathan Sixto M. Poblete, Filipino, 44, was appointed as the Assistant Corporate Secretary of the Company last March 6, 2025. He also holds the positions of Head of the Legal and Asset Management and Services Department of the Company; and Compliance Officer and Data Protection Officer of the Company and its several subsidiaries. He was an Associate Lawyer with Altamira Cas & Collado Law Offices from 2009 to 2016, and served as Junior Partner from 2016 to 2017. He joined the Company as Legal Services Manager in July 2017. He graduated cum laude from the University of the Philippines, Diliman with a Bachelor's Degree in Public Administration in 2003, and with a Juris Doctor Degree in 2008. He was admitted to the Philippine Bar in 2009.

Malvin H. Jose, Filipino, 41, is currently the Technical Services Group Head of the Company since May 7, 2024. He is also the Cost and Procurement Manager of Bright Ventures Realty, Inc. since November 2019. He previously held the following positions: Cost and Procurement Manager (October 2016 – November 2019), Assistant Cost Manager (June 2014 – September 2016), and Planning and Control Engineer (September 2010 – May 2014), all under the Project Development Team of Rockwell Land Corporation; Field/Cost Engineer of Avida Land Corporation (September 2008 - May 2010); and Project Supervisor of Republic Cement Corporation (November 2007 to August 2008). He has a Bachelor of Science degree in Civil Engineering from the Polytechnic University of the Philippines. He acquired his Civil Engineer License in 2008.

Karen M. Malabanan, Filipino, 42, is currently the Accounts Management Department Head of the Company since March 6, 2023. She previously held the following positions: Legal Services Manager and Accounts Management Department Officer-in-Charge of the Company; Associate Lawyer of Vista Land & Lifescapes, Inc.; Court Attorney VI of the Supreme Court of the Philippines; Associate Lawyer of DMCI Power Corporation; and Associate Solicitor of the Office of the Solicitor General. She has Bachelor's Degree in Political Science from Ateneo de Manila University and a Juris Doctor Degree from Ateneo de Manila University School of Law. She was admitted to the Philippine Bar in 2009.

Board Attendance

In 2025, the Board of Directors held five (5) meetings. Set out below is the record of attendance of the directors in these meetings is as follows:

	March 3	May 6	May 14*	August 4	November 4
Ramon S. Ang	✓	✓	✓	✓	✓
Aurora T. Calderon	✓	✓	✓	✓	Absent
John Paul L. Ang**	N/A	N/A	✓	✓	✓
Karen V. Ramos	✓	✓	✓	✓	✓
Jeronimo U. Kilayko	✓	✓	✓	✓	✓
Josefina Guevara-Salonga	✓	✓	✓	✓	✓
Ferdinand K. Constantino***	✓	✓	✓	✓	✓
Cecile L. Ang	✓	✓	✓	✓	✓
Hector L. Hofileña****	✓	✓	N/A	N/A	N/A

* Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors for 2025

** President, elected on May 14, 2025 Annual Stockholders' Meeting

*** Board Advisor

**** Independent Director, served until May 6, 2025

Term of Office

Pursuant to the Company's By-Laws, the directors are elected at each annual stockholders' meeting by the stockholders entitled to vote. Each director holds office until the next annual election and until his successor is duly elected and qualified, unless he resigns, dies or is removed prior to such election.

The Company's By-Laws provide that the annual stockholders' meeting shall be held on the 2nd Wednesday of May of every year.

Independent Directors

The independent directors of the Company, as of the year ended December 31, 2025, are Jeronimo U. Kilayko and Josefina Guevara-Salonga. In compliance with SEC Memorandum Circular No. 4, Series of 2017, none of the independent directors have served as such in the same company for a maximum cumulative term of nine (9) years. All the independent directors of the Company are independent of its management and substantial shareholders.

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

John Paul L. Ang and Cecile L. Ang, a nominee-directors, are children of Ramon S. Ang, the Company's Chairman. Other than the foregoing, there are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors and/or executive officers or persons of the Company nominated or chosen by the Company to become its directors and executive officers.

Parent Company

As of December 31, 2025, San Miguel Corporation owns and controls 1,856,290,345 common shares comprising 99.89% of the outstanding capital stock of the Company entitled to vote.

Involvement in Certain Legal Proceedings

None of the directors, executive officers, 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 incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Company's chief executive officer and senior executive officers:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total Compensation of the Chief Executive Officer and Senior Executive Officers other than the President ²	2026 (estimated)	P31.7 Million	P9.6 Million	P5.1 Million	P46.4 Million
	2025	P31.8 Million	P12.4 Million	P7.0 Million	P51.2 Million
	2024	P28.0 Million	P11.5 Million	P6.4 Million	P45.9 Million
All other officers and directors as a group unnamed	2026 (estimated)	P0.0 Million	P0.0 Million	P0.0 Million	P0.0 Million
	2025	P0.0 Million	P0.0 Million	P0.0 Million	P0.0 Million
	2024	P0.0 Million	P0.0 Million	P0.0 Million	P0.0 Million
TOTAL	2026 (estimated)	P31.7 Million	P9.6 Million	P5.1 Million	P46.4 Million
	2025	P31.8 Million	P12.4 Million	P7.0 Million	P51.2 Million
	2024	P28.0 Million	P11.5 Million	P6.4 Million	P45.9 Million

Article III, Section 10 of the 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 Company 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 2025, each director received a per diem of PhP10,000.00 per attendance at meetings of the Company.

² The Senior Executive Officers of the Company are Karen V. Ramos, Maria Alma C. Geronimo, and Karen M. Cas-Caballa.

Scheduled Meetings (in Php)					
Names of Directors	March	May	August	November	Total for 2025
Ramon S. Ang	N/A	N/A	N/A	N/A	N/A
Aurora T. Calderon	N/A	N/A	N/A	N/A	N/A
Cecile L. Ang	10,000.00	30,000.00	10,000.00	20,000.00	70,000.00
Hector L. Hofileña	20,000.00	10,000.00	N/A	N/A	30,000.00
John Paul L. Ang	N/A	20,000.00	10,000.00	20,000.00	50,000.00
Jeronimo U. Kilayko	40,000.00	40,000.00	20,000.00	40,000.00	140,000.00
Josefina Guevara-Salonga	30,000.00	40,000.00	20,000.00	30,000.00	120,000.00
Karen V. Ramos	N/A	N/A	N/A	N/A	N/A

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 Beneficial Owners and Management

Owner of record of more than 5% of the Company's voting securities as of December 31, 2025 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 ³ No. 40 San Miguel Avenue, Mandaluyong City 1550, parent company of the issuer	San Miguel Corporation, parent company of the issuer	Filipino	1,856,290,345	99.89

The following are the number of common shares of the Company's capital stock (all of which are voting shares) owned of record by the Chairman, directors, and key executive officers of the Company, as of December 31, 2025:

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	John Paul L. Ang	1(D)	Filipino	0.00
Common	Cecile L. Ang	1(D)	Filipino	0.00
Common	Josefina Guevara-Salonga	1(D)	Filipino	0.00
Common	Karen V. Ramos	1(D)	Filipino	0.00

The aggregate number of shares owned of record by the Chairman, key officers and directors as a group as of December 31, 2025 are 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.

³ The Board of Directors of San Miguel Corporation (SMC) authorizes any one Group A signatory or any two Group B signatories to act and vote in person or by proxy, for the shares held by SMC in other corporations. The Group A signatories of SMC are Ramon S. Ang, John Paul L. Ang, Ferdinand K. Constantino, Virgilio S. Jacinto, Joseph N. Pineda, Aurora T. Calderon, Bella O. Navarra, Monica L. Ang, Susan Y. Yu, and Bryan U. Villanueva. The Group B signatories of SMC are Cecile Caroline U. de Ocampo, Lorenzo G. Formoso III, Almira C. Dalusung, Maria Raquel Paula G. Lichauco, Joseph Francis M. Cruz, Ildefonso B. Alindogan, and Niña Frances Therese B. Tenorio.

Item 12. Certain Relationships and Related Transactions

For the Company's related party transactions please see Note 24 of **Annex "D"** on page 58.

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that are not in the ordinary course of business. There have been no complaints, disputes or problems regarding related party transactions of the Company.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The evaluation by the Company to measure and determine level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance (the "Manual") is vested by the Board of Directors in the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual of Corporate Governance. The Compliance Officer has certified that for 2023, the Company has substantially adopted all the provisions of the Manual.

Substantially complying with the directives of the SEC, please see below summary of events outlining the undertakings of the Company:

The Company's Manual on Corporate Governance was approved by the Board of Directors on August 13, 2002. Further amendment to the Manual was approved by the Board of Directors on March 25, 2010, in compliance with the Revised Code of Corporate Governance and to align with the SEC Memorandum Circular No. 6, Series of 2009 (July 15, 2009).

On 2014, in compliance and in line with the rationale behind SEC Memorandum Circular No. 2, Series of 2002, to actively promote corporate governance reforms aimed to raise investor confidence, develop capital markets and help achieve sustained growth for the corporate sector, the Company substantially adopted all the recommended provisions of the prescribed Manual on Corporate Governance that highlights accountability of the board and corporate officers.

On May 26, 2020, the Board of Directors approved the proposal of Management for delegation of authority to undertake further amendments to the existing Manual of the Company due to the COVID-19 crisis. However, in keeping with the spirit and intention of SEC Memorandum Circular No. 24, Series of 2019 towards the practice of good governance, Management deemed it best to involve the Company's members of the Board by incorporating their inputs and comments on the said Manual. On August 7, 2020, the Company submitted the Revised Manual to the SEC via email to msrd_covid19@sec.gov.ph.

On January 5, 2021, in lieu of the ACGR and in compliance with the SEC Memorandum Circular No. 36 or "2020 Compliance Officer's Certification" (December 22, 2020), the Compliance Officer of the Company has certified that the Company has substantially adopted in its Manual on Corporate Governance all of the recommendations under the SEC MC for public companies and registered issuers.

On March 6, 2023, upon the endorsement of the Corporate Governance, Nomination and Compensation Committee, the Board of Directors approved several corporate governance policies that promote safety, inclusivity and welfare not only of the employees but also of its suppliers/contractors and members of the Board of Directors.

Pursuant to its commitment to good governance and business practice, the Company continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance which it determines to be in the best interests of the Company and its stockholders.

PART V – EXHIBITS AND SCHEDULES

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

(a) Exhibits

The 2025 Consolidated Audited Financial Statements of the Company, 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-J, Revised 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 Company or require no answer.


(b) Reports on SEC Form 17-C


A summary list of reports on SEC Form 17-C filed in the last 12-month period covered by this Report is attached as **Annex "E"**.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Revised Corporation Code of the Philippines, this report has been signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on APR 14 2026.

By: 
RAMON S. ANG
 Chairman


JOHN PAUL L. ANG
 President


KAREN V. RAMOS
 General Manager


MARIA ALMA C. GERONIMO
 Treasurer and Group Head of Real Estate Support



KAREN M. CAS-CABALLA
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2026 affiants exhibiting to me their respective Passport as follows:

<u>Name</u>	<u>Passport No.</u>	<u>Expiry Date</u>	<u>Place of Issuance</u>
Ramon S. Ang	P2247867B	May 21, 2029	DFA Manila
John Paul L. Ang	P2247864B	May 21, 2029	DFA Manila
Karen V. Ramos	P3920258B	Nov. 20, 2029	DFA NCR East
Maria Alma C. Geronimo	P8644617A	Sept. 5, 2028	DFA NCR East
Karen M. Cas-Caballa	P6597284A	March 27, 2028	DFA NCR East

Doc. No.: 212
 Page No.: 44
 Book No.: ✓
 Series of: 2026




ATTY. KIMBERLY T. LAGUARDIA
 Commission No. 0705-26
 Notary Public for Mandaluyong
 No. 40 San Miguel Avenue,
 Mandaluyong City, Metro Manila
 Until 31 December 2027
 Roll Number: 86163
 PTR No. G040482/01-06-2026/Mandaluyong City
 IBP No. 583308 / 01-02-2026
 MCLE Compliance No. VIII-0018849/04-14-2028

Notarial DST pursuant to Sec. 61 of the TRAIN Law (amending Sec. 188 of the NIRC) affixed on Notary Public's copy, with no. 04299022 APR 14 2026

San Miguel Properties, Inc. and Subsidiaries
List of Projects
as of December 31, 2025

A. RESIDENTIAL PROJECTS

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

B. HOSPITALITY PROJECTS

NAME	LOCATION
Makati Diamond Residences (<i>SMPI Makati Flagship Realty Corp.</i>)	118 Legazpi St., Legazpi Village, Makati

C. INDUSTRIAL PROJECTS

NAME	LOCATION
Mariveles Economic Zone (<i>E-Fare Investment Holdings, Inc.</i>)	Mariveles, Bataan

D. SMPI-OWNED BUILDINGS / LAND / WAREHOUSE

NAME	LOCATION
Building and Land Lease of San Miguel Corporation Head Office Complex (<i>SMPI</i>)	No. 40 San Miguel Avenue, Ortigas, Mandaluyong City
Office Unit Lease of Six (6) Units in San Miguel Properties Centre (<i>SMPI</i>)	No. 7 Saint Francis Street, Ortigas, Mandaluyong City
Building Lease of 808 Building (<i>SMPI</i>)	Meralco Avenue corner Gen. Lim Street, Barangay San Antonio, Pasig City
Warehouse Lease of Rengo Warehouse (<i>SMPI</i>)	Dr. A. Santos Avenue (Sucat Road), Parañaque
Land Lease of Antipolo City Property (<i>SMPI</i>)	Crestview Circle, Crestview Heights Subd., Brgy. San Roque, Antipolo City
Land Lease of General Trias, Cavite Property (<i>SMPI</i>)	Arnaldo Highway, Brgy. San Francisco, Sitio De Fuego, Gen. Trias, Cavite
Land Lease of Bunawan, Davao City Property (<i>SMPI</i>)	Along Davao-Agusan National Highway, Brgy. Bunawan, Davao City
Land Lease of Darong, Davao City Property (<i>SMPI</i>)	Brgy. Darong, Municipality of Sta. Cruz, Davao del Sur
Land Lease of Mariveles, Bataan properties (<i>E-Fare Investment Holdings, Inc.</i>)	Mariveles Economic Zone, Brgy. Biaa, Mariveles, Bataan

Land Lease of Cabuyao, Laguna Property (<i>Integrated Geosolutions, Inc.</i>)	Brgy. Diezmo, Cabuyao, Laguna
Land Lease of Parking Space for El Magnifico Building (<i>Kingsborough Realty, Inc.</i>)	No. 37 Gen. Delgado St., San Antonio Village, Brgy. San Antonio, Pasig City
Building Lease of Delgado Building (<i>La Verduras Realty Corp.</i>)	No. 38 Gen. Delgado St., San Antonio Village, Brgy. San Antonio, Pasig City
Land lease of Nabas, Aklan Property (<i>La Belle Plume Realty Inc.</i>)	Bgry. Union, Nabas, Aklan
Land lease of East Greenhills, Mandaluyong City Property (<i>Lanes and Bi-Ways Realty Corp.</i>)	403 Columbia St. East Greenhills, Mandaluyong City
Building Lease of Northeast Greenhills, San Juan City Property (<i>Lanes and Bi-Ways Realty Corp.</i>)	No. 2 Columbia St. Northeast Greenhills, San Juan City

E. TOURISM DEVELOPMENT PROJECTS

NAME	LOCATION
(Planned) Bugsuk Eco-Luxury Leisure and Tourism Project (<i>Bricktree Properties, Inc.</i>)	Balabac, Palawan

F. SERVICES

NAME	LOCATION
Administrative and Support Services for Right-Of-Way and Non-Right-Of-Way Acquisitions (<i>Tierra Verdosa Services Corp.</i>)	various

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
	Two 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	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	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 and Improvements	San Miguel Corporation - Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City	Owned Good
	Land and Building	Dr. A Santos Ave. (Sucat Road), Parañaque City	Owned Good
	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 and Building	Crestview Circle, Crestview Heights Subd., Brgy. San Roque, Antipolo City	Owned Good

Company Name / Subsidiary	Address	Rented / Owned	Condition	
	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
	Land	635 Lee St. Addition Hills, Mandaluyong City	Owned	Good
	Land	Brgy. San Francisco, General Trias Cavite	Owned	Good
	Land and Building	Brgy. Parian, Calamba, Laguna	Owned	Good
2	512 Acacia Holdings, Inc.			
	Land and Building	512 Acacia Ave., Ayala Alabang Village Phase II-A, Barangay Alabang, Muntinlupa City	Owned	Good
3	Agricultural Investors, Incorporated			
	Land and Building	Bugsuk, Balabac, Palawan	Owned	Good
4	Apice Solare Resources Corp.			
	Land	National Road, Barangay Igmaya-an, District 1, Don Salvador Benedicto, Negros Occidental	Owned	Good
5	Auburnrite Holdings, Inc.			
	Land	Brgy. Mamplasan, Biñan, Laguna	Owned	Good
6	Bricktree Properties, Inc.			
	Land	Bancalaan, Balabac, Palawan	Owned	Good
	Land	Bugsuk, Balabac, Palawan	Owned	Good
	Land and Building	Brgy. San Jose, Puerto Princesa, Palawan	Owned	Good
7	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
8	Brillar Realty and Development Corp.			
	Land	Limbones Island, Brgy. Papaya, Nasugbu, Batangas	Owned	Good
9	Busuanga Bay Holdings Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
10	Bulalacao Property Holdings, Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
11	Calamian Prime Holdings, Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
12	Carnell Realty, Inc.			
	One Dover	621 Lee St., Mandaluyong City	Owned	Good
13	Casa Sabroso Holdings, Inc.			
	Land and Building	Addition Hills, San Juan City	Owned	Good
14	Cliffside Realty, Inc.			
	Land	29 De Agosto Bagong Silang, Mandaluyong City	Owned	Good
15	Coron Islands Holdings, Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good
16	Dimanyan Wakes Holdings, Inc.			
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good

Company Name / Subsidiary	Address	Rented / Owned	Condition
17	E- Fare Investment Holdings Inc.		
	Land	Brgy. Biaan, Mariveles, Bataan	Owned Good
18	Excel Unified Land Resources Corp.		
	Wedge Woods Subdivision	Silang, Cavite	Owned Good
19	First Monte Sierra Realty Corporation		
	Land	Brgy. San Antonio, Basco, Batanes	Owned Good
20	Grandioso Realty Corporation		
	Land	National Road, Brgy. Tumbler, General Santos City	Owned Good
21	Habagat Realty Development, Incorporated		
	Land	Bugsuk, Balabac, Palawan	Owned Good
22	High Garden Land Resources, Inc.		
	Land and Building	82 EDSA Mandaluyong City	Owned Good
23	Integrated Geosolutions, Inc.		
	Land	Bo.Diezmo, Cabuyao, Laguna	Owned Good
24	Kingsborough Realty, Inc.		
	Land and Improvements	37 Gen. Delgado St., San Antonio Village, Pasig City	Owned Good
25	La Belle Plume Realty, Inc.		
	Land	Brgy. Union, Nabas, Aklan	Owned Good
	Land	Brgy. Naasog, Malay Aklan	Owned Good
26	La Verduras Realty Corp.		
	Land, Building and Improvements	No.38 Gen. Delgado Street, San Antonio Village, Pasig City	Owned Good
27	Labayug Air Terminals, Incorporated		
	Land	Bugsuk, Balabac, Palawan	Owned Good
28	Lanes and Bi-Ways Realty Corp.		
	Land and Building	403 Columbia St., East Greenhills, Mandaluyong City	Owned Good
	Land	No. 2 Columbia St. Northeast Greenhills San Juan City	Owned Good
29	Maison 17 Properties, Inc.		
	Land	116 Legaspi and Gallardo Sts., Legaspi Village, Makati City	Owned Good
30	Max Harvest Holdings Inc.		
	Land	Brgy. Anyatam, San Ildefonso, Bulacan	Owned Good
31	Ocean-Side Maritime Enterprises, Inc.		
	Land	Bugsuk, Balabac, Palawan	Owned Good
32	Ondarre Holding Corporation		
	Land and Building	Wack-Wack Mandaluyong City	Owned Good
33	Palawan White Sands Holdings Corp.		
	Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned Good
34	Picanto de Alta Realty Corp.		
	Land	1331 J.P. Laurel St. Brgy. 643 Zone 066, San Miguel District, Manila	Owned Good
35	Premiata Realty, Inc.		
	Land	52 Mercedes cor 61 Aries, Bel Air 3, Makati City	Owned Good
36	Punong Bayan Housing Development Corporation		
	Land	Bugsuk, Balabac, Palawan	Owned Good
37	Pura Electric Co., Inc.		
	Land	Bugsuk, Balabac, Palawan	Owned Good

Company Name / Subsidiary	Address	Rented / Owned	Condition
38	Quick Silver Development Corp.		
	Land and Building	50 McKinley Road North Forbes Park Makati City	Owned Good
39	Roca Pesada Realty Corporation		
	Land	118 Esteban Abada St. Varsity Hills, Quezon City	Owned Good
40	Silang Resources, Inc.		
	Land	Barangays San Vicente, San Miguel, Biluso and Lucsuhin, Silang, Cavite	Owned Good
41	SMC Originals, Inc.		
	Land	Antonio Arnaiz Avenue corner Estacion St., Brgy. Pio del Pilar, Makati City	Owned Good
42	SMPI Makati Flagship Realty Corp.		
	Makati Diamond Residences	117 Legaspi and Gallardo Sts., Legaspi Village, Makati City	Owned Good
43	Soracil Prime, Inc.		
	Land	Wack-Wack Mandaluyong City	Owned Good
44	Spade One Resorts Corporation		
	Land	Bugsuk, Balabac, Palawan	Owned Good
45	Sta. Cruz Resource Management, Inc.		
	Land and Building	54 & 50 Hydra St., Bel Air 3, Makati City	Owned Good
46	Tanauan Resources, Inc.		
	Land and Building	No. 34 McKinley Road, Brgy. Forbes Park (North Side), Makati City	Owned Good
47	Tierra Castellanas Devt. Inc.		
	Land	Brgy. Bungoy, Dolores, Quezon	Owned Good
48	Unexplored Land Developers, Inc.		
	Land	Bugsuk, Balabac, Palawan	Owned Good
49	Uno Clarity Investment Holdings, Inc.		
	Land and Building	Brgy. Bel-Is, Buruanga, Aklan	Owned Good
50	Zee2 Resources Inc.		
	Land and Building	82 Cambridge Circle, North Forbes Park, Makati City	Owned Good
51	Zobel Polo Club, Inc.		
	Land	Lipa, Batangas City	Owned Good
52	Nine Pillars Holdings, Inc.		
	Land	Bugsuk, Balabac, Palawan	Owned Good
53	Escalle Property Holdings, Inc.		
	Land	Bugsuk, Balabac, Palawan	Owned Good
54	Tidalview Holdings, Inc.		
	Land	Bugsuk, Balabac, Palawan	Owned Good
55	Rockside Holdings, Inc.		
	Land	Bugsuk, Balabac, Palawan	Owned Good
56	Sunset Shore Holdings, Inc.		
	Land	Bugsuk, Balabac, Palawan	Owned Good
57	Malay Nabas Realty, Development, Inc.		
	Land and Building	Brgy. Balitoc, Calatagan, Batangas	Owned Good

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE**

The following discussion should be read in conjunction with the attached audited 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, 2025 (with comparative figures as of December 31, 2024). All necessary adjustments to present fairly the consolidated financial position, performance, and cash flows of the Group as of December 31, 2025, and for all the other years presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2025 KEY TRANSACTIONS

(a) Additional subscription

San Miguel Corporation (“Parent Company”) made additional subscriptions to the Company worth P7.17B consisting of Three Hundred Fifty Eight Million Four Hundred Eighty Nine Thousand Seven Hundred Ninety Eight (358,489,798) common shares at P20 per share (at P10 additional paid-in capital per share). The subscriptions were paid through deposits for future stock subscriptions (DFFS) and cash amounting to P2.54B and P4.63B, respectively.

During the year, the Company increased its subscription, equivalent to a total of P93M in the following subsidiaries: (1) P62M in MoonSpring; (2) P25M in Newsclapes; (3) P6M in various subsidiaries. The subscriptions were fully paid in 2025.

The Company also made additional DFFS to the following subsidiaries:

	Name of Wholly-Owned Subsidiaries	Additional DFFS (in PhP, in millions)
1	La Belle	219
2	Bricktree	143
3	Zee2	101
4	High Garden	39
5	Quick Silver	18
6	Various subsidiaries	10
	TOTAL	530

Additional subscription and deposit for future stocks were made to subsidiaries engaged to purchase, lease, donate and to own, use, improve, subdivide, sell, mortgage, exchange, 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.

(b) Incorporation of new subsidiaries

Within the reporting period, the Company incorporated the following entities: (1) Escalle Property Holdings Inc.; (2) Nine Pillars Holdings Inc.; (3) Rockside Holdings Inc.; (4) Sunset Shore Holdings Inc.; and (5) Tidalview Holdings Inc. These subsidiaries were established primarily to invest in, acquire, own, manage, lease, sell, or otherwise dispose of real properties of various kinds and descriptions.

(c) Acquisition of additional ownership interest in subsidiaries

In 2025, the Company acquired the remaining 6% noncontrolling interest (NCI) in the following subsidiaries for a total consideration of P300M:

- (1) Agricultural Investors, Inc.;
- (2) Unexplored Land Developers, Inc.;
- (3) Ocean-side Maritime Enterprises, Inc.;
- (4) Labayug Air Terminals, Incorporated;
- (5) Pura Electric Co., Inc.;
- (6) Punong Bayan Housing Development Corporation;
- (7) Habagat Realty Development, Incorporated; and
- (8) Spade One Resorts Corporation

(d) Acquisition of properties

In 2025, the Group acquired properties located in Central Luzon, Southern Luzon and Western Visayas which were accounted under Deposits on Land for Future Development and Investment Property.

II. FINANCIAL PERFORMANCE

2025 vs. 2024

In Millions PHP	Audited	Audited	Changes	
	December 31, 2025	December 31, 2024	Amount	%
REVENUES				
Room revenues	816	800	16	2%
Service income	894	658	236	36%
Rental income	707	761	-54	-7%
Real estate sales	574	467	107	23%
Sale of food and beverages	353	320	33	10%
Others	29	26	3	12%
	3,373	3,032	341	
COSTS OF SALES AND SERVICES				
Cost of service	660	411	249	61%
Room services	428	400	28	7%
Food and beverages sold	279	261	18	7%
Rentals	174	163	11	7%
Real estate sold	43	374	-331	-89%
	1,584	1,609	-25	-2%
GROSS PROFIT	1,789	1,423	366	26%
OTHER OPERATING EXPENSES	694	702	-8	-1%
OPERATING PROFIT	1,095	721	374	
OTHER INCOME (CHARGES)				
Gain on deconsolidation of subsidiaries	0	1,903	-1,903	-100%
Share in profit of associates	1,034	749	285	38%
Finance costs	-1,025	-697	328	47%
Finance income	66	57	9	16%
Miscellaneous income (charges) - net	-83	-148	-65	-44%
	-8	1,864	-1,872	
PROFIT BEFORE TAX	1,087	2,585	-1,498	-58%
TAX EXPENSE	121	323	-202	-63%
NET PROFIT AFTER TAX	966	2,262	-1,296	-57%
NONCONTROLLING INTEREST	-1	-2	1	-50%
NET PROFIT	967	2,264	-1,297	-57%

The Group concluded the year 2025 with a net income of P967 million attributable to the company's equity holders, a significant decrease from P2.3 billion in 2024. The decline was mainly driven by the gain from the sale of investment in subsidiaries in 2024.

Revenue from the Group's hotel business comprising of room revenues, sale of food and beverages, and others increased from P1.15 billion to P1.20 billion. This was mainly attributable to the improvement in the occupancy rate of Makati Diamond Residences (MDR) from 75% to 78%, reflecting stronger market demand and a more favorable business environment.

Service income rose by 36% primarily due to the increased volume and expanded scope of services provided by the Group.

Rental income declined by 7% as a result of a reduction in the leased area by a related party at a property situated in Central Luzon.

Real estate sales grew by 23% mainly driven by the institutional sale of properties located in Southern Luzon and recognized revenues from One Dover View and General Trias

projects in 2025. This increase was partially offset by the sale of a property in the National Capital Region (NCR) recorded in 2024.

Cost of service increased by 61% primarily due to higher personnel cost due to increase in manpower complement in 2025.

Cost of room services and food and beverage of hotel increased by 7% mainly due to increase in supplies consumption of hotel and higher management fee in 2025.

Cost of rental increased by 7% mainly due to increase in real property taxes in 2025.

Real estate sold decreased by 89% primarily due to the lower costs associated with the real estate properties sold in 2025.

Gain on deconsolidation of subsidiaries amounted to P1.9 billion in 2024, as a result of the Group's disposal of its investment in Rapidshare Realty Corporation and Elite Montagne Realty Corp, both engaged in real estate business, with P639 million aggregate carrying amount of net assets at the date of disposal. Total consideration received from the transaction amounted to P2.54 billion in 2024.

Share in profit of associates increased from P749 million to P1.03 billion in 2025 due to higher share in income of Bank of Commerce (BankCom), net of dividends on preferred shares.

Finance costs increased by 47% mainly due to interest expense recognized on long-term debt to related parties in 2025.

Finance income improved by 16%, primarily due to higher interest income resulting from increased total placements in 2025. This increase was partially offset by the initial application of PFRS 15, *Significant Financing Component* on real estate sales in 2024, which requires recognition of interest income when the percentage of completion exceeds the percentage of collection.

Miscellaneous income (charges) – net decreased from P148 million to P83 million charges brought by impairment of investment property of certain subsidiaries in 2024, higher donations and partially offset by the gain on assignment of deposits on land in 2024.

Tax expense decreased from P323 million to P121 million expense mainly due to capital gains tax (CGT) for the sale of investments in subsidiary in 2024, and deferred tax asset (DTA) recognized on advance rent billed by a subsidiary to a related party in 2025, reduced by the utilization of net operating loss carry over (NOLCO) and higher taxable income of various subsidiaries.

Noncontrolling interest decreased by P1 million mainly due to higher net loss of certain subsidiary in 2024.

2024 vs. 2023

In Millions PHP	Audited	Audited	Changes	
	December 31, 2024	December 31, 2023	Amount	%
REVENUES				
Room revenues	800	812	-12	-1%
Rental income	761	736	25	3%
Service income	658	533	125	23%
Real estate sales	467	343	124	36%
Sale of food and beverages	320	319	1	0%
Others	26	24	2	8%
	3,032	2,767	265	
COSTS OF SALES AND SERVICES				
Room services	400	411	-11	-3%
Cost of service	411	346	65	19%
Real estate sold	374	204	170	83%
Food and beverages sold	261	254	7	3%
Rentals	163	154	9	6%
	1,609	1,369	240	18%
GROSS PROFIT	1,423	1,398	25	2%
OTHER OPERATING EXPENSES	702	689	13	2%
OPERATING PROFIT	721	709	12	
OTHER INCOME (CHARGES)				
Gain on deconsolidation of subsidiaries	1,903	0	1,903	100%
Share in profit of associates	749	929	-180	-19%
Finance costs	-697	-702	-5	-1%
Finance income	57	70	-13	-19%
Miscellaneous income (charges) - net	-148	-687	-539	-78%
	1,864	-390	2,254	
PROFIT BEFORE TAX	2,585	319	2,266	710%
TAX EXPENSE (BENEFIT)	323	-103	426	414%
NET PROFIT AFTER TAX	2,262	422	1,840	436%
NONCONTROLLING INTEREST	-2	-2	0	0%
NET PROFIT	2,264	424	1,840	434%

The Group ended the year 2024 with P2.3 billion net income attributable to the net owners of the company from P424 million net income in 2023. This was mainly due to the gain from the sale of investment in subsidiary in 2024.

Service income increased by 23% due to the increase in volume and scope of services rendered.

Real estate sales increased by P124 million mainly due to the sale of property located in NCR and Central Luzon.

Cost of sales and services increased by 18% primarily because of the increase in real estate sales and service income in 2024.

Gain on deconsolidation of subsidiaries amounted to P1.9 billion in 2024, as a result of the Group's disposal of its investment in Rapidshare Realty Corporation and Elite Montagne Realty Corp, both engaged in real estate business, with P639 million aggregate carrying amount of net assets at the date of disposal. Total consideration received from the transaction amounted to P2.54 billion.

Share in profit of associates decreased from P929 million to P749 million in 2024 due to lower share in income of BankCom.

Finance income decreased by 19% mainly because of lower placements in 2024.

Miscellaneous income (charges) – net decreased from P687 million to P148 million charges brought by lower donations made in 2024 and gain on assignment of deposits on land in 2024.

Tax expense (benefit) increased from P103 million benefit to P323 million expense mainly due to capital gains tax (CGT) for the sale of investments in subsidiary, lower net operating loss carry over (NOLCO), impact of CREATE law and higher taxable income of various subsidiaries.

III. FINANCIAL POSITION

2025 vs. 2024

In Millions Php	Audited	Audited	Changes	
	December 31, 2025	December 31, 2024	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	2,574	1,024	1,550	151%
Receivables - net	746	1,033	-287	-28%
Real estate projects	1,374	1,368	6	0%
Raw land inventory	3,780	9,261	-5,481	-59%
Deposits on land for future development	137	125	12	10%
Other current assets - net	2,237	2,417	-180	-7%
	10,848	15,228	-4,380	
NONCURRENT ASSETS				
Receivables - net	833	782	51	7%
Deposits on land for future development	1,321	1,308	13	1%
Equity advances and investments in associates	13,929	12,935	994	8%
Investment property - net	21,656	21,472	184	1%
Property and equipment - net	7,863	7,905	-42	-1%
Intangible assets - net	169	171	-2	-1%
Deferred tax assets - net	448	451	-3	-1%
Other noncurrent assets - net	114	315	-201	-64%
	46,333	45,339	994	
CURRENT LIABILITIES				
Loans and borrowings	9,684	10,174	-490	-5%
Trade and other payables	2,051	4,971	-2,920	-59%
Lease liabilities	37	47	-10	-21%
Due to related parties	33	33	0	0%
Advance rentals and deposits	305	195	110	56%
Customers' deposits	122	110	12	11%
Dividends payable	0	3,154	-3,154	-100%
Income tax payable	15	16	-1	-6%
	12,247	18,700	-6,453	
NONCURRENT LIABILITIES				
Advance rentals and deposits	41	74	-33	-45%
Lease liabilities	11	39	-28	-72%
Retirement benefit liability	77	51	26	51%
Deferred tax liabilities - net	192	200	-8	-4%
Other noncurrent liabilities	0	2,315	-2,315	-100%
	321	2,679	-2,358	
EQUITY				
Capital stock	18,585	15,000	3,585	24%
Additional paid-in capital	17,966	14,413	3,553	25%
Treasury shares - at cost	-10	-10	0	0%
Deposit for future stock subscription	0	2,540	-2,540	-100%
Accumulated fair value gain (loss)	-14	-176	162	-92%
Cumulative translation adjustment	-1	-2	1	-50%
Reserve for retirement plan	-205	-202	-3	1%
Other reserves	-1,217	-1,192	-25	2%
Retained earnings	9,349	8,382	967	12%
Noncontrolling interest	160	435	-275	-63%
	44,613	39,188	5,425	

Cash and cash equivalents increased by 151% mainly due to the collections received in 2025 and additional subscription from Parent Company, reduced by payments for acquisition of remaining non-controlling interest, full settlement of payable for the purchase of subsidiaries, payments for land acquisition, taxes, interest and bank charges.

Receivables – net decrease of 13% mainly because of collection of receivables from the sale of properties in 2024 located in Southern Luzon.

Raw land inventory decreased by 59%, accompanied by a corresponding decrease in other assets – net, primarily due to the rescission of contract on land acquisition located in Southern Luzon with a related party.

Equity advances and investments in associates increased by 8% primarily due to the share in income of BankCom (net of dividend income).

Loans and borrowings decreased by 5% mainly due to repayment of loans in 2025.

Trade and other payables and other noncurrent liabilities reduced by 72% mainly due to the rescission of contract on land acquisition located in Southern Luzon and full settlement of remaining payable for the purchase of subsidiaries.

Lease liabilities decreased by P38 million mainly due to the repayment of lease obligations.

Advance rentals and deposits rose by P77 mainly attributed to the advance rent billed in 2025 by a subsidiary to a related party.

Customers' deposits registered an 11% increase primarily due to the payments received on property sales and higher volume of hotel bookings in 2025.

The dividends payable amounted to P3.2 billion has been paid in full in 2025.

Income tax payable down by 6% due to the lower taxable income of a subsidiary.

Retirement benefit liability increased by P26 million driven mainly by the pension obligations recently recognized by certain subsidiaries.

The increase in equity was mainly due to the additional subscriptions made by the Parent Company following the SEC's approval of the Company's authorized capital stock increase in June 17, 2025 and October 2025.

Accumulated fair value losses decreased by 92% mainly due to lower unrealized loss recognized on BankCom's financial assets measured at fair value through other comprehensive income (FVOCI).

Cumulative translation adjustment decreased by P1 million due to the share in translation adjustments recognized by BankCom.

Retained earnings posted a 12% increase mainly attributable to the net income earned in 2025.

Noncontrolling interest decreased by P275 million due to the acquisition of remaining interests from the subsidiaries acquired in 2021.

2024 vs. 2023

In Millions Php	Audited	Audited	Changes	
	December 31, 2024	December 31, 2023	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	1,024	1,362	-338	-25%
Receivables - net	1,033	314	719	229%
Real estate projects	1,368	1,496	-128	-9%
Raw land inventory	9,261	9,495	-234	-2%
Deposits on land for future development	125	0	125	100%
Other current assets - net	2,417	2,350	67	3%
	15,228	15,017	211	
NONCURRENT ASSETS				
Receivables - net	782	812	-30	-4%
Deposits on land for future development	1,308	1,852	-544	-29%
Equity advances and investments in associates	12,935	12,303	632	5%
Investment property - net	21,472	21,661	-189	-1%
Property and equipment - net	7,905	7,837	68	1%
Intangible assets - net	171	174	-3	-2%
Deferred tax assets - net	451	395	56	14%
Other noncurrent assets - net	315	410	-95	-23%
	45,339	45,444	-105	
CURRENT LIABILITIES				
Loans and borrowings	10,174	10,897	-723	-7%
Trade and other payables	4,971	4,391	580	13%
Lease liabilities	47	40	7	18%
Due to related parties	33	33	0	0%
Advance rentals and deposits	195	154	41	27%
Customers' deposits	110	135	-25	-19%
Dividends payable	3,154	0	3,154	100%
Income tax payable	16	2	14	700%
	18,700	15,652	3,048	
NONCURRENT LIABILITIES				
Advance rentals and deposits	74	96	-22	-23%
Lease liabilities	39	82	-43	-52%
Retirement benefit liability	51	24	27	113%
Deferred tax liabilities - net	200	176	24	14%
Deposit for future stock subscription	0	748	-748	-100%
Other noncurrent liabilities	2,315	5,291	-2,976	-56%
	2,679	6,417	-3,738	
EQUITY				
Capital stock	15,000	15,000	0	0%
Additional paid-in capital	14,413	14,413	0	0%
Treasury shares - at cost	-10	-10	0	0%
Deposit for future stock subscription	2,540	0	2,540	100%
Accumulated fair value gain (loss)	-176	-190	14	-7%
Cumulative translation adjustment	-2	-1	-1	100%
Reserve for retirement plan	-202	-190	-12	6%
Other reserves	-1,192	-1,192	0	0%
Retained earnings	8,382	10,124	-1,742	-17%
Noncontrolling interest	435	438	-3	-1%
	39,188	38,392	796	

Cash and cash equivalents decreased by 25% mainly due to payments for land acquisition, settlement of payable for the purchase of subsidiaries, taxes, interest and bank charges reduced by the additional subscription, proceeds from sale of investment in subsidiary and collections received in 2024.

Receivables – net increase of 61% mainly because of receivables from the sale of properties located in Southern Luzon.

Real estate projects decreased by 9% primarily due to the sale of properties located in NCR.

Deposits on land for future development decreased by 23% mainly due to the assignment of deposits for properties situated in Southern Luzon and due to the completion of acquisition of properties in Central Luzon and in Western Visayas which resulted to a reclassification from deposit on land to investment property.

Equity advances and investments in associates increased by 5% primarily due to the share in income of BankCom (net of dividend income).

Deferred tax assets - net increased by 14% mainly due to additional provisions and recognition of NOLCO and MCIT in 2024.

Other current and noncurrent assets – net decreased by P28 million as a result of the offsetting of input and output VAT.

Loans and borrowings decreased by 7% mainly due to repayment of loans in 2024.

Trade and other payables and other noncurrent liabilities decreased by 25% mainly due to settlement of remaining payable for the purchase of subsidiaries and land acquisition located in Southern Luzon.

Lease liabilities decreased by P36 million mainly due to the repayment of lease obligations.

Advance rental and deposits increased by 8% mainly due to additional lease contracts in 2024 and annual escalation rate.

Customers' deposits decreased by 19% mainly attributable to the reversal of miscellaneous fees following the completion of the title transfer activities pertinent to the sale of real estate.

Dividends payable amounted to P3.2 billion primarily due to the dividends declared by the Company in 2024 amounting to P4 billion, of which P850 million has been paid in the current year.

Income tax payable increased by P14 million due to the higher taxable income of a subsidiary.

Retirement benefit liability increased by P27 million mainly attributable to the increase in the number of personnel and increase in annual salary covered by the Company's plan.

Deferred tax liabilities - net increased by 14% because of additional recognition of PAS17, *Leases*, on the Group's lease contracts.

Deposit for future stock subscription increased by 240% due to additional cash received from Parent Company. The liability of P748 million in 2023 was reclassified to equity following the submission of the Company's application for the increase in authorized capital stock (ACS) in SEC in August 12, 2024.

Accumulated fair value losses decreased by 7% mainly due to the revaluation of the

Group's financial assets measured at fair value through other comprehensive income (FVOCI).

Cumulative translation adjustment increased by P1 million due to the share in translation adjustments recognized by BankCom.

Reserves for retirement plan increased by 6% primarily due to higher remeasurement losses of the Company and BankCom.

Retained earnings decreased by 17% due to the Company's declaration of dividend amounting to P4 billion, reduced by the P2 billion income recognized in 2024.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movement is shown below:

<i>(In thousands)</i> <i>(Audited)</i>	December 31	
	2025	2024
Net cash from (used in) operating activities	P 3,752,816	(P 784,899)
Net cash from (used in) investing activities	(1,963,528)	1,131,817
Net cash used in financing activities	(238,441)	(685,876)

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

Net cash from (used in) investing activities includes the following:

<i>(In thousands)</i> <i>(Audited)</i>	December 31	
	2025	2024
Settlement of outstanding payables on subsidiaries acquired through asset acquisition	(P 1,932,350)	(P 772,940)
Proceeds from sale of deposit on land	474,432	230,993
Acquisition of additional non-controlling interest	(300,000)	(619)
Dividends received	201,470	112,465
Settlement of outstanding payables on acquisition of non-controlling interest	(168,006)	(336,013)
Acquisitions of property and equipment	(148,312)	(368,825)
Additions to investment property	(145,988)	(305,733)
Interest received	58,427	40,887
Proceeds from sale of investment in a subsidiary	3,829	2,537,570
Additions to intangible assets	(3,612)	(3,229)
Additional equity advances	(3,566)	(3,839)
Proceeds from sale of property and equipment	148	-
Proceeds from insurance claim on property and equipment	-	1,100
Net cash from (used in) investing activities	(P 1,963,528)	P 1,131,817

Net cash used in financing activities includes the following:

<i>(In thousands)</i> <i>(Audited)</i>	December 31	
	2025	2024
Proceeds from issuance of shares of stock	P 4,629,500	P -
Dividends paid	(3,154,139)	(850,000)
Finance costs paid	(1,161,098)	(876,555)
Net payments of borrowings	(490,000)	(722,800)
Repayment of lease liabilities	(45,365)	(41,188)
Share issuance costs paid	(31,477)	-
Collection of lease receivables	14,138	12,497
Deposits received for future stock subscription	-	1,792,170
Net cash used in financing activities	(P 238,441)	(P 685,876)

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group bases its performance from. Bases of analyses are employed through comparisons and measurement based on the financial data of the current periods against the same period of previous year.

Key Performance Indicators	December 31, 2025	December 31, 2024
Current Ratio	0.89 : 1.00	0.81 : 1.00
Total Assets to Equity Ratio	1.28 : 1.00	1.55 : 1.00
Debt to Equity Ratio	0.28 : 1.00	0.55 : 1.00
Return on Average Equity Attributable to Owners of the Parent Company	2.31%	5.83%
	Year Ended December 31	
	2025	2024
Volume Growth		
Lease	307.69%	(0.60%)
Real Estate Sales	318.18%	(31.25%)
Hotel	5.44%	(6.73%)
Service income	35.88%	23.42%
Revenue Growth	11.23%	9.57%
Net Profit Margin	28.66%	74.61%
Interest Rate Coverage Ratio	2.15 : 1	5.11 : 1

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

Key Performance Indicators	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Total Assets to Equity Ratio	$\frac{\text{Total Assets}}{\text{Equity} + \text{Non-Controlling Interest (NCI)}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Excluding deferred tax liabilities)}}{\text{Total Equity} + \text{Non-Controlling Interest (NCI)}}$
Return on Average Equity	$\frac{\text{Net Profit}}{\text{Average Equity}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Net Profit Margin	$\frac{\text{Net Profit}}{\text{Revenues}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest Expense}}$

VI. OTHER MATTERS

a. Commitments and Contingencies

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

1. Operating Leases – Group as Lessor

The Group is a lessor under operating leases covering certain real estate properties. The leases have terms ranging from 1 to 25 years, with renewal options, and include annual escalation rates of 3% to 10%.

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

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024
Within one year	P 1,461,749	P 1,248,901
After one year but not more than five years	4,562,110	1,181,295
After five years but not more than ten years	5,296,318	1,410,777
More than ten years	16,225,242	3,581,273
	P 27,545,419	P 7,422,246

2. Operating Lease – Group as Lessee

The Group is a lessee under lease agreement covering a certain parcel of land. The lease contract has expired by end of 2016 and was renewed for another 10 years. In 2020, the Company adopted the new standard PFRS 16, *Leases*.

The Group also holds a lease on certain parcel of land for 20 years starting January 1, 2020 until December 31, 2039, subject to renewal upon mutual agreement of the parties, unless sooner terminated upon mutual written agreement signed by both parties.

3. *Legal Claims*

In 2007, a provision amounting to P4.6 million in connection with Excel Unified's pending settlement of a right-of-way (ROW) dispute in Wedgewoods was recognized. The provision remains outstanding as of this reporting period. 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.

b. Material Events and Uncertainties

Other than the disclosures described in the preceding sections, the Group has nothing to report on the ff:

1. Any known trends, events or uncertainties that will have a material impact on its liquidity.
2. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
3. Material off balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
4. Any material commitments for capital expenditure
5. Any known trends, events, uncertainties, or significant elements that will have a material impact on sales/revenue/income from continuing operations.
6. Any seasonal aspects that have material effect on the financial condition or results of operations.

c. Retained Earnings appropriation

On May 8, 2023, the Company's BOD reversed the appropriation amounting to P4,500,000 as the purpose of such appropriations were currently on hold. Also on the same date, the Company's BOD approved the appropriation of P4,500,000 of the Company's unrestricted retained earnings for the development of Bugsuk Projects which are expected to be completed within the next fifteen years from appropriation. However, such appropriation was subsequently reversed during the November 6, 2024 Board meeting due to material changes in project timeline and funding requirements.

d. Events after the reporting period

On March 3, 2026, the BOD approved the reclassification of 150,000,000 unissued authorized common shares with P10 par value per share into unissued authorized preferred shares at P10 par value per share, aggregating P1,500,000 in authorized preferred shares. The reclassification is scheduled for approval and ratification by the stockholders during the Annual Stockholders' Meeting on May 13, 2026.

As of the issuance date of the Group's consolidated financial statements, the Group has yet to file the reclassification with the SEC. The reclassification does not affect issued and outstanding capital stock, paid-in capital, earnings per share, or total equity until the corresponding amendment to the Articles of Incorporation is filed with and approved by the SEC.

e. Others

Below are the subsidiaries with significant contributions to the Group's net income.

Companies	Net income (loss) after tax (in millions)	
	December 31, 2025	December 31, 2024
Associates	1,034	749
SMPI Makati Flagship Realty	169	140
E-fare Investment Holdings Inc.	75	131
Tierra Verdosa Services Corp.	49	24
Lanes & Bi-Ways Realty Corp	43	40
San Miguel Properties Inc.	-21	1,516
Various subsidiaries	-382	-336
Consolidated net income	967	2,264

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	3	7	3	3	8
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COMPANY NAME

S	A	N		M	I	G	U	E	L		P	R	O	P	E	R	T	I	E	S	,		I	N	C	.				
A	N	D		S	U	B	S	I	D	I	A	R	I	E	S															

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

3	F		S	A	N		M	I	G	U	E	L		H	E	A	D		O	F	F	I	C	E					
C	O	M	P	L	E	X		4	0		S	A	N		M	I	G	U	E	L		A	V	E	N	U	E		
W	A	C	K		W	A	C	K		M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y				

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

--

Company's Telephone Number/s

632-3000

Mobile Number

--

No. of Stockholders

908

Annual Meeting (Month/Day)

2ND WEDNESDAY OF MAY

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

MARIA ALMA C. GERONIMO

Email Address

mgeronimo@sanmiguel.com.ph

Telephone Number/s

632-3000

Mobile Number

--

CONTACT PERSON'S ADDRESS

--

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

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



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



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Receipt Date and Time: April 08, 2026 09:50:10 AM

Company Information

SEC Registration No.: 0000037338

Company Name: SAN MIGUEL PROPERTIES INC.

Industry Classification: K70120

Company Type: Stock Corporation

Document Information

Document ID: OST104082026811163460

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Consolidated

Remarks: None

Acceptance of this document is subject to review of forms and contents

Sandra Monica M. Vardeleon

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Submission Date/Time: **Apr 06, 2026 11:56 AM**

Company TIN: **000-133-166**

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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, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud 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

John Paul L. Ang
President

Maria Alma C. Geronimo
Treasurer

Signed this March 3, 2026

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

SUBSCRIBED AND SWORN TO BEFORE ME, this MAR 03 2026, the following having presented to me their Passport:

	<u>Passport No.</u>	<u>Expiry Date</u>	<u>Place of Issuance</u>
Ramon S. Ang	P2247867B	05/21/29	Manila
John Paul L. Ang	P2247864B	05/21/29	Manila
Maria Alma C. Geronimo	P8644617A	09/05/28	NCR East

Doc. No. 321 ;
Page No. 66 ;
Book No. I ;
Series of 2026

ATY. JONATHAN SIXTO M. POBLETE
Appointment No. 0456-26
Notary Public for Mandaluyong
Until 31 December 2027
Roll No. 56620

PTR No. 6022997 / 01-07-2026/Mandaluyong City
IBP No. 592673 / 1-09-2026
MCLE Compliance No.VIII-0038155 / 04-14-2020

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Consolidated Financial Statements and
Independent Auditors' Report

San Miguel Properties, Inc. and Subsidiaries

December 31, 2025, 2024 and 2023

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, 2025 and 2024, 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, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group, and its financial performance and its cash flows as at and for the years ended December 31, 2025 and 2024 in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards), and as at and for the year ended December 31, 2023 in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the consolidated financial statements.

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 of public interest entities 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 2 to the consolidated financial statements, which discusses the adoption and impact of the previously deferred provisions of PFRS 15, *Revenue from Contracts with Customers* and the related financial reporting interpretations affecting the real estate industry, using modified retrospective approach in 2024. 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 the relevant accounting frameworks as discussed in Note 2 to the consolidated financial statements, 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: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 10770769, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until financial period 2025)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-037-2025 (until August 6, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

March 3, 2026

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Thousand Philippine Pesos)

	Notes	2025	2024
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	6	P 2,574,402	P 1,023,555
Receivables - net	7	746,263	1,032,636
Real estate projects - net	8	1,373,521	1,368,383
Raw land inventory	9	3,780,058	9,261,497
Deposits on land for future development	10	137,341	125,342
Other current assets - net	15	<u>2,236,550</u>	<u>2,417,007</u>
Total Current Assets		<u>10,848,135</u>	<u>15,228,420</u>
NONCURRENT ASSETS			
Receivables - net	7	833,045	782,140
Deposits on land for future development	10	1,321,111	1,308,286
Equity advances and investments in associates	11	13,929,242	12,934,745
Investment property - net	12	21,655,955	21,472,367
Property and equipment - net	13	7,862,864	7,904,748
Intangible assets - net	14	168,962	171,295
Deferred tax assets - net	23	448,106	451,389
Other noncurrent assets - net	15	<u>113,616</u>	<u>314,473</u>
Total Noncurrent Assets		<u>46,332,901</u>	<u>45,339,443</u>
TOTAL ASSETS		<u>P 57,181,036</u>	<u>P 60,567,863</u>

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Loans and borrowings	16	P 9,683,600	P 10,173,600
Trade and other payables	17	2,051,196	4,971,193
Lease liabilities	18	37,234	46,510
Due to related parties	24	33,357	33,357
Advance rentals and deposits	24	305,179	195,084
Customers' deposits	2	121,819	109,702
Dividends payable	25	-	3,154,310
Income tax payable		14,532	16,163
Total Current Liabilities		12,246,917	18,699,919
NONCURRENT LIABILITIES			
Advance rentals and deposits	24	40,632	74,145
Lease liabilities	18	11,228	39,178
Retirement benefit liability	22	76,934	51,545
Deferred tax liabilities - net	23	191,901	199,639
Other noncurrent liabilities	17	-	2,314,990
Total Noncurrent Liabilities		320,695	2,679,497
Total Liabilities		12,567,612	21,379,416
EQUITY			
Capital stock	25	18,584,898	15,000,000
Additional paid-in capital	25	17,966,502	14,413,081
Treasury shares - at cost	25	(9,515)	(9,515)
Deposit for future stock subscription	25	-	2,540,296
Accumulated fair value losses	11, 15	(14,148)	(176,684)
Cumulative translation adjustment	11	(1,279)	(1,860)
Reserve for retirement plan	11, 22	(205,249)	(202,363)
Other reserves	25	(1,217,312)	(1,191,693)
Retained earnings	25	9,349,589	8,382,077
Total equity attributable to owners of the Company		44,453,486	38,753,339
Noncontrolling interest		159,938	435,108
Total Equity		44,613,424	39,188,447
TOTAL LIABILITIES AND EQUITY		P 57,181,036	P 60,567,863

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, 2025, 2024 AND 2023
(Amounts in Thousand Philippine Pesos, Except Per Share Data)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
REVENUE	4, 24			
Room revenues	24	P 816,133	P 800,500	P 811,623
Service income	24	893,507	657,573	532,814
Rental income	24, 27	707,221	761,419	736,609
Real estate sales	24	574,171	466,590	343,051
Sale of food and beverages	24	353,270	319,947	319,043
Others	24	28,494	26,362	24,373
		<u>3,372,796</u>	<u>3,032,391</u>	<u>2,767,513</u>
COSTS OF SALES AND SERVICES	19			
Cost of service		660,174	411,223	346,551
Room services		428,196	400,141	410,612
Food and beverages sold		278,725	260,698	253,647
Rentals		174,091	163,144	154,347
Real estate sold		42,447	374,029	204,167
		<u>1,583,633</u>	<u>1,609,235</u>	<u>1,369,324</u>
GROSS PROFIT		1,789,163	1,423,156	1,398,189
OTHER OPERATING EXPENSES	20	<u>693,833</u>	<u>702,458</u>	<u>689,121</u>
OPERATING INCOME		<u>1,095,330</u>	<u>720,698</u>	<u>709,068</u>
OTHER INCOME (CHARGES)				
Share in profit of associates	11	1,033,607	749,869	929,277
Finance costs	21	(1,024,600)	(696,975)	(702,347)
Finance income	21	66,527	57,175	70,331
Gain on deconsolidation of subsidiaries	5	-	1,902,841	-
Miscellaneous income (charges) - net	5, 21	(83,246)	(148,480)	(687,124)
		<u>(7,712)</u>	<u>1,864,430</u>	<u>(389,863)</u>
PROFIT BEFORE TAX		1,087,618	2,585,128	319,205
TAX EXPENSE (BENEFIT)	23	<u>120,895</u>	<u>322,685</u>	<u>(103,084)</u>
NET PROFIT		<u>966,723</u>	<u>2,262,443</u>	<u>422,289</u>
<i>Balance carried forward</i>		P 966,723	P 2,262,443	P 422,289

	Notes	2025	2024	2023
<i>Balance brought forward</i>		P 966,723	P 2,262,443	P 422,289
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Share in other comprehensive income (loss) of associates	11	<u>6,904</u>	<u>19,834</u>	<u>(86,921)</u>
Remeasurements of retirement benefit liability	22	<u>(7,201)</u>	<u>(31,183)</u>	<u>(51,857)</u>
Tax benefit	22, 23	<u>1,800</u>	<u>7,796</u>	<u>12,965</u>
		<u>(5,401)</u>	<u>(23,387)</u>	<u>(38,892)</u>
Fair value gains on financial assets at fair value through other comprehensive income	15	<u>4,500</u>	<u>27,891</u>	<u>26,273</u>
Tax expense	15, 23	<u>(1,125)</u>	<u>(6,973)</u>	<u>(6,568)</u>
		<u>3,375</u>	<u>20,918</u>	<u>19,705</u>
		<u>4,878</u>	<u>17,365</u>	<u>(106,108)</u>
Item that will be reclassified subsequently to profit or loss				
Share in other comprehensive income (loss) of associates	11	<u>155,353</u>	<u>(17,026)</u>	<u>92,823</u>
Other Comprehensive Income (Loss) – net of tax		<u>160,231</u>	<u>339</u>	<u>(13,285)</u>
TOTAL COMPREHENSIVE INCOME		<u>P 1,126,954</u>	<u>P 2,262,782</u>	<u>P 409,004</u>
Net profit attributable to:				
Equity holders of the Company		P 967,512	P 2,264,477	P 424,457
Noncontrolling interest		<u>(789)</u>	<u>(2,034)</u>	<u>(2,168)</u>
		<u>P 966,723</u>	<u>P 2,262,443</u>	<u>P 422,289</u>
Total comprehensive income attributable to:				
Equity holders of the Company		P 1,127,743	P 2,264,816	P 411,172
Noncontrolling interest		<u>(789)</u>	<u>(2,034)</u>	<u>(2,168)</u>
		<u>P 1,126,954</u>	<u>P 2,262,782</u>	<u>P 409,004</u>
Earnings Per Share - basic and diluted	26	<u>P 0.60</u>	<u>P 1.52</u>	<u>P 0.30</u>

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, 2025, 2024 AND 2023
(Amounts in Thousand Philippine Pesos)

	Attributable to Owners of the Parent Company											Noncontrolling Interest (See Note 5)	Total Equity
	Capital Stock (See Note 25)	Additional Paid-in Capital (See Note 25)	Treasury Shares - at Cost (See Note 25)	Deposit for Future Stock Subscription (See Note 25)	Accumulated Fair Value Losses (See Notes 11 and 15)	Cumulative Translation Adjustment (See Note 11)	Reserve for Retirement Plan (See Notes 11 and 22)	Other Reserves (See Note 25)	Appropriated Retained Earnings (See Note 25)	Unappropriated Retained Earnings (See Note 25)	Total		
Balance at January 1, 2025	P 15,000,000	P 14,413,081	(P 9,515)	P 2,540,296	(P 176,684)	(P 1,860)	(P 202,363)	(P 1,191,693)	P -	P 8,382,077	P 38,753,339	P 435,108	P 39,188,447
Transactions with owners													
Issuance of shares of stock	3,584,898	3,553,421	-	(2,540,296)	-	-	-	-	-	-	4,598,023	-	4,598,023
Transactions affecting non-controlling interest	-	-	-	-	-	-	-	(25,619)	-	-	25,619	(274,381)	(300,000)
Total comprehensive income (loss) for the year	-	-	-	-	162,536	581	(2,886)	-	-	967,512	1,127,743	(789)	1,126,954
Balance at December 31, 2025	P 18,584,898	P 17,966,502	(P 9,515)	P -	(P 14,148)	(P 1,279)	(P 205,249)	(P 1,217,312)	P -	P 9,349,589	P 44,453,486	P 159,938	P 44,613,424
Balance at January 1, 2024	P 15,000,000	P 14,413,081	(P 9,515)	P -	(P 190,188)	(P 1,209)	(P 189,849)	(P 1,191,694)	P 4,500,000	P 5,624,570	P 37,955,196	P 437,762	P 38,392,958
Effect of adoption of PFRS15 and other related interpretations	-	-	-	-	-	-	-	-	-	(2,813)	(2,813)	-	(2,813)
Balance at January 1, 2024, as adjusted	15,000,000	14,413,081	(9,515)	-	(190,188)	(1,209)	(189,849)	(1,191,694)	4,500,000	5,621,757	37,952,383	437,762	38,390,145
Transactions with owners													
Deposits received for future stock issuances	-	-	-	2,540,296	-	-	-	-	-	-	2,540,296	-	2,540,296
Reversal of RE appropriation	-	-	-	-	-	-	-	-	(4,500,000)	4,500,000	-	-	-
Dividends declared	-	-	-	-	-	-	-	-	(4,004,157)	4,004,157	(4,004,157)	-	(4,004,157)
Transactions affecting non-controlling interest	-	-	-	-	-	-	-	1	-	-	1	(620)	(619)
Reclassifications during the year	-	-	-	-	2,729	(2,729)	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	10,775	2,078	(12,514)	-	-	2,264,477	2,264,816	(2,034)	2,262,782
Balance at December 31, 2024	P 15,000,000	P 14,413,081	(P 9,515)	P 2,540,296	(P 176,684)	(P 1,860)	(P 202,363)	(P 1,191,693)	P -	P 8,382,077	P 38,753,339	P 435,108	P 39,188,447
Balance at January 1, 2023	P 13,526,588	P 12,952,613	(P 9,515)	P -	(P 310,890)	P 1,900	(P 58,971)	(P 1,191,694)	P 4,500,000	P 5,200,113	P 34,610,144	P 439,841	P 35,049,985
Transactions with owners													
Issuance of shares of stock	1,294,462	1,281,518	-	-	-	-	-	-	-	-	2,575,080	-	2,575,080
Collection of subscription receivable	178,950	178,950	-	-	-	-	-	-	-	-	357,900	-	357,900
Reversal of retained earnings appropriation	-	-	-	-	-	-	-	-	(4,500,000)	4,500,000	-	-	-
Appropriation of retained earnings	-	-	-	-	-	-	-	-	4,500,000	(4,500,000)	-	-	-
Transactions affecting non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	89	89
Total comprehensive income (loss) for the year	-	-	-	-	120,702	(3,109)	(130,878)	-	-	424,457	411,172	(2,168)	409,004
Balance at December 31, 2023	P 15,000,000	P 14,413,081	(P 9,515)	P -	(P 190,188)	(P 1,209)	(P 189,849)	(P 1,191,694)	P 4,500,000	P 5,624,570	P 37,955,196	P 437,762	P 38,392,958

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, 2025, 2024 AND 2023
(Amounts in Thousand Philippine Pesos)

	Notes	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,087,618	P 2,585,128	P 319,205
Adjustments for:				
Share in profit of associates	11	(1,033,607)	(749,869)	(929,277)
Finance costs	21	1,024,600	696,975	702,347
Depreciation and amortization	20	164,005	164,616	156,318
Impairment loss on property and equipment and investment property	12, 13, 21	91,603	208,585	79,420
Interest income	21	(66,527)	(57,175)	(70,331)
Fair value gains from repossessed properties	21	(3,781)	-	(755)
Impairment losses on equity advances	11, 21	3,463	11,984	498,495
Reversal of impairment loss on receivables	7	(1,483)	(1,483)	(2,966)
Gain on lease modification	18	(136)	-	-
Gain on sale of property and equipment	13	(113)	-	-
Loss on retirement of property and equipment	13	14	-	-
Gain on deconsolidation	5	-	(1,902,841)	-
Gain on disposal of deposit on land	10, 21	-	(130,265)	-
Gain on insurance claim	21	-	(253)	-
Fair value losses - net	7, 8	-	-	15,003
Operating profit before working capital changes		1,265,656	825,402	767,459
Increase in receivables		(265,922)	(259,360)	(71,044)
Decrease in real estate projects		6,283	282,900	82,237
Decrease (increase) in raw land inventory		2,644,596	(15,273)	189
Decrease (increase) in other assets		35,626	26,833	(50,223)
Increase in deposits on land for future development		(118,345)	(223,942)	(156,270)
Increase (decrease) in trade and other payables		199,420	(1,072,052)	(1,008,355)
Increase (decrease) in advance rentals and deposits		76,582	19,824	(929)
Increase (decrease) in customers' deposits		8,937	(25,528)	(36,020)
Increase (decrease) in retirement benefit liability		18,188	(19,635)	(3,076)
Cash from (used in) operations		3,871,021	(460,831)	(476,032)
Interest received		8,100	16,288	21,500
Cash paid for income taxes		(126,305)	(340,356)	(68,734)
Net Cash From (Used in) Operating Activities		3,752,816	(784,899)	(523,266)
<i>Balance brought forward</i>		P 3,752,816	(P 784,899)	(P 523,266)

	Notes	2025	2024	2023
<i>Balance carried forward</i>		<u>P 3,752,816</u>	(<u>P 784,899</u>)	(<u>P 523,266</u>)
CASH FLOWS FROM INVESTING ACTIVITIES				
Settlement of outstanding payables on subsidiaries				
acquired through asset acquisition	5, 17	(1,932,350)	(772,940)	(772,940)
Proceeds from sale of deposit on land	10	474,432	230,993	-
Acquisition of additional non-controlling interest	5	(300,000)	(619)	-
Dividends received	11	201,470	112,465	-
Settlement of outstanding payables				
on acquisition of noncontrolling interest	5	(168,006)	(336,013)	(336,013)
Acquisitions of property and equipment	13	(148,312)	(368,825)	(463,154)
Additions to investment property	12	(145,988)	(305,733)	(827,920)
Interest received	21	58,427	40,887	46,810
Proceeds from sale of investment in a subsidiary	5	3,829	2,537,570	-
Additions to intangible assets	14	(3,612)	(3,229)	(6,023)
Additional equity advances	11	(3,566)	(3,839)	(4,204)
Proceeds from sale of property and equipment	13	148	-	-
Proceeds from insurance claim on property and equipment	13	-	1,100	-
Issuance of stocks to noncontrolling interest	5	-	-	89
Net Cash From (Used in) Investing Activities		(<u>1,963,528</u>)	<u>1,131,817</u>	(<u>2,363,355</u>)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares of stock	25	4,629,500	-	2,946,824
Dividends paid	25	(3,154,139)	(850,000)	-
Finance costs paid	33	(1,161,098)	(876,555)	(842,387)
Net payments of borrowings	33	(490,000)	(722,800)	(579,500)
Repayment of lease liabilities	18, 33	(45,365)	(41,188)	(30,448)
Share issuance costs paid	25	(31,477)	-	(12,944)
Collection of lease receivables	18	14,138	12,497	11,008
Deposits received for future stock subscription	25	-	1,792,170	748,126
Net Cash From (Used in) Financing Activities		(<u>238,441</u>)	(<u>685,876</u>)	<u>2,240,679</u>
NET INCREASE (DECREASE) IN				
CASH AND CASH EQUIVALENTS				
		<u>1,550,847</u>	(<u>338,958</u>)	(<u>645,942</u>)
CASH AND CASH EQUIVALENTS				
AT BEGINNING OF YEAR				
		<u>1,023,555</u>	<u>1,362,513</u>	<u>2,008,455</u>
CASH AND CASH EQUIVALENTS				
AT END OF YEAR				
		<u>P 2,574,402</u>	<u>P 1,023,555</u>	<u>P 1,362,513</u>

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, 2025, 2024 and 2023
(Amounts in Thousands of 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 99.90% 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 structures 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, 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	
		2025	2024
Subsidiaries*:			
Bright Ventures Realty, Inc. (Bright Ventures)		100%	100%
Bricktree Properties, Inc. (Bricktree)		100%	100%
Carnell Realty, Inc. (Carnell)		100%	100%
E-Fare Investment Holdings, Inc. (E-Fare)	(a)	100%	100%
Excel Unified Land Resources Corporation (Excel Unified)		51.50%	51.50%
Integrated Geosolutions, Inc. (IGI)		100%	100%
La Belle Plume Realty, Inc. (La Belle)		100%	100%
Maison 17 Properties, Inc. (Maison)	(b)	100%	100%
Moonspring Development, Inc. (Moonspring)		100%	100%
Picanto de Alta Realty Corporation (Picanto)	(c)	72.08%	70%
SMPI Makati Flagship Realty Corp. (SMPI Flagship)	(b)	100%	100%
Tierra Verdosa Services, Corp. (Tierra Verdosa)		100%	100%

Company Name	Percentage of Ownership	
	2025	2024
Associates:		
Bank of Commerce (BankCom)	31.94%	31.94%
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 Zobel Polo Club, Inc.) are wholly owned by the Company.

Notes:

- (a) On November 19, 2024, SMPI acquired the remaining non-controlling interest of E-fare, effectively converting E-fare to a wholly owned subsidiary.
- (b) Maison is an indirect subsidiary of the Company through SMPI Flagship.
- (c) On December 29, 2025, Picanto issued additional shares to SMPI increasing the ownership of the Parent Company from 70% in 2024 to 72.08% in 2025.

As at December 31, 2025 and 2024, 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, 2025 and 2024 were also incorporated to engage in the development, sale and lease of real estate properties, except for the entities below.

Name of Subsidiary or Associate	Primary Purpose
BankCom	Universal 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	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 places of incorporation and the places of operations of the significant subsidiaries and associates are similar with that of the Company, except for the following significant subsidiaries and associates that have different registered offices:

<u>Name of Subsidiary or Associate</u>	<u>Registered Address</u>
Bricktree	No. 38 Delgado Street, Brgy. San Antonio, San Antonio Village, Pasig City
BankCom	San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City
E-Fare	Biaan, Mariveles, Bataan
La Belle	Sitio Mampusa, Brgy. Union, Nabas, Aklan
Moonspring	Brgy. Union, Nabas, Aklan
NLI	15 th Floor, The Taipan Place, F. Ortigas, Jr. Rd, Ortigas Center, Pasig City
SMPI Flagship	117 Legaspi St., Legaspi Village, Makati City

1.2 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2025 (including the comparative consolidated financial statements as of December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Company's Board of Directors (BOD) on March 3, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and on 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 Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

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

(b) *SEC Financial Reporting Relief Availed by the Group*

In 2023 and prior years, the Group availed of several financial reporting reliefs granted by the SEC relating to the number of implementation issues of PFRS 15, *Revenue From Contracts with Customers*, and the related financial reporting interpretations affecting the real estate industry. In 2024, the Group adopted the previously deferred provisions of PFRS 15, *Revenue From Contracts with Customers*, and the related issuances of the Philippine Interpretations Committee, and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) using modified retrospective approach as allowed by SEC MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to clarify transitory provision*.

The adoption of these standards and interpretations has resulted to adjustments to the amounts that should be recognized in the consolidated financial statements as at January 1, 2024, with the cumulative effect recognized in equity as an adjustment to the opening balance of Retained Earnings for 2024.

Discussed below and on the succeeding page are the relevant information about these standards and interpretations, and the resulting adjustments to the relevant consolidated financial statements accounts as at January 1, 2024.

- (i) PIC Q&A No. 2018-12-D, *Concept of the significant financing component in the contract to sell* and 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 (POC) and Schedule of Payments*

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

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 the project, are expected within one year and significant financing component is not expected to be significant.

As a result of the adoption of this interpretation, Receivables – net and Retained Earnings as at January 1, 2024 decreased by P2.8 million.

(ii) PIC Q&A No. 2018-12-E, *Treatment of land in the determination of POC*

Land on which the real estate development will be constructed shall also be excluded in the assessment of POC. The adoption of this interpretation has no significant effect on the consolidated financial statements of the Group.

(c) *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 and 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 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.

(d) *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 its 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 Accounting Standards

(a) *Effective in 2025 that are Relevant to the Group*

The Group adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the financial statements of the Group.

(b) *Effective Subsequent to 2025 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026).
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to Contracts Referencing Nature-dependent Electricity* (effective from January 1, 2026)
- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how the Group recognizes and measures its financial condition, financial performance and cash flows.
- (iv) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Group and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions.

The financial statements of subsidiaries and associates are prepared for the same reporting period as the Group using consistent accounting policies.

Acquired subsidiaries are subject to either of the following relevant policies:

- (a) Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.
- (b) Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder is accounted for under the pooling-of-interests method. Transfers of assets between commonly controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

- (c) Acquisitions that do not meet the definition of a business under PFRS 3 are accounted for as asset acquisitions. In such cases, the consideration transferred, including directly attributable transaction costs, is allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values at the acquisition date. Although for asset acquisitions that qualify as a common control transaction, the transferred assets and liabilities are measured at their carrying amounts at the date of acquisition. No goodwill or gain from bargain purchase is recognized.

Acquired investment in associate is subject to the purchase method.

2.4 Financial Instruments

(a) Financial Assets

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 are classified into the following categories: financial assets at amortized cost and financial assets at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

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

Financial Assets at FVOCI

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 FVOCI on initial recognition.

The Group reclassifies financial assets only when it changes its business model for managing those financial assets. 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.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on Receivables (except Advances to contractors) and contract assets are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, for debt instruments measured at amortized cost (except trade and other receivables where simplified approach is used) and at FVOCI, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12-months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition (see Note 28.2).

(b) Financial Liabilities

Financial liabilities, which include Loans and Borrowings, Trade and Other Payables (excluding provisions and tax-related liabilities), Due to Related Parties, Dividends Payable, Lease Liabilities, Rental deposits (presented as part of Advance Rentals and Deposits account) and Other Noncurrent Liabilities, are initially measured at their fair values and subsequently measured at amortized cost using effective interest rate method.

2.5 Real Estate Projects

Costs of real estate sold are assigned using specific identification of their individual costs.

Repossessioned 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 repossessioned property is recognized as part of Miscellaneous income (charges) – net under Other Income (Charges) section in the consolidated statement of comprehensive income.

2.6 Raw Land Inventory

Costs of raw land inventory are assigned using specific identification of their individual costs.

2.7 Inventories

Cost is determined using the moving average method.

2.8 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.

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

2.9 Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any impairment losses.

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.

2.10 Intangible Assets

Intangible assets, except goodwill, pertain to software licenses and land use rights, which are accounted for under the cost model. 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.

2.11 Revenue and Cost Recognition

Revenue comprises revenue from real estate sales, hotel services, sale of food and beverages and other services rendered.

The Group often enters into contracts to sell real properties as they are being developed. The significant judgments used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real property are disclosed in Note 3.1(c). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss is charged to profit or loss.

- (a) *Real estate sales on pre-completed subdivision house and lots* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized is presented as part of Real Estate Sales in the consolidated statement of comprehensive income.
- (b) *Rental income* – Revenue from rental income is measured by reference to the fair value of consideration received or receivable by the Group for the operating leases rendered.
- (c) *Hotel accommodations* – 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). As applicable, invoices for hotel accommodation are due upon receipt by the customer.
- (d) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoices for consumer goods transferred are due upon receipt by the customer.
- (e) *Rendering of services* – Revenues are recognized over time (i.e., time-and-materials basis as the services are provided or based on the actual work done) until the performance of contractually agreed tasks has been substantially rendered.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from real estate sales is used by the Group.

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.

In determining the transaction price, the Group adjusts the contract price for the effects of time value of money when the timing of payments agreed to with the customer provides either party with a significant benefit of financing the transfer of goods or services to the customer. In buyer financing arrangements where buyer payments are ahead of the development of the sold property, the Group recognizes interest expense which is presented as part of Finance costs under the Other Income (Charges) section in the consolidated statements of comprehensive income. Conversely, in seller financing arrangements where the development of the sold property is ahead of buyer payment terms, the Group recognizes interest income which is presented as part of Finance income under the Other Income (Charges) section in the consolidated statements of comprehensive income.

The Group applies the practical expedient under PFRS 15 where the promised amount of consideration is no longer adjusted for the effects of significant financing component when the Group expects, at contract inception, that the period between when the Company transfers the promised good or service to a customer and when the customer pays for such good or service will be one year or less. The significant judgment used in determining the existence of significant financing component in the contract is disclosed in Note 3.1(d).

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. Any rights to consideration recognized by the Group as it develops the property are presented as Contract receivables under Receivables – net section in the consolidated statements of financial position. Contract receivables are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.4(a)(ii)].

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 for any capitalized borrowing costs.

2.12 Leases

The Group accounts for its leases in accordance with PFRS 16, *Leases*.

(a) Group as Lessee

Subsequent to initial recognition, 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 2.13).

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) Group as Lessor

The Group applies judgment in determining whether a lease contract is a finance or operating lease.

2.13 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.

2.14 Employee Benefits

The Group provides retirement benefits to all permanent employees under a defined benefit (DBO) retirement plan and other employee benefits.

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 defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

2.15 Deposit for Future Stock Subscription

Based on the requirements of the SEC, the Group recognizes a deposit for future stock subscription as part of equity if all of the following criteria are met as at the end of the reporting period:

- a. Lack or insufficiency of authorized unissued shares of stock to cover for the deposit;
- b. Approval by the Company's BOD and stockholders for the increase in authorized capital stock to cover the shares corresponding to the amount of the deposit; and,
- c. Application for the approval of the increase in authorized capital stock has been filed or presented for filing with the SEC.

If any of the foregoing criteria is not met at the end of the reporting period, the deposit for future stock subscription is recognized as a liability. The amount of deposit for future stock subscription is reclassified to equity account when the Group meets the foregoing elements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards 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 judgments presented below and on the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms).

Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(e)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) *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 option or not exercise a renewal option. 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.

(c) *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 pre-completed 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 completed real estate projects and 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 beverages is recognized at point in time upon delivery to and receipt of consumer goods by the customer.

In determining the appropriate method to use in recognizing the Group's revenue from food, beverage and other consumer goods, management assesses that the revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction.

(d) Determination of the Existence of the Significant Financing Component in the Contract

The Group enters into real estate sales contracts offering various payment schemes to its customers. The timing of transaction price collection can significantly differ from the timing of the Group's fulfillment of its performance obligations. The Group exercises judgment in determining whether the contract terms provide a significant financing benefit to either the Group or its customers. This assessment is conducted at the inception of the contract, considering the contractual payment terms and the projected completion timeline of the related real estate development.

(e) Determination of Collection Threshold for 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.

(f) Determination of ECL on Receivables and Contract Assets

The Group uses a 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 assessed that ECL on contract receivables and contract assets are not significant, as legal title remains with the Group until full payment is received and the Group has the right to repossess and resell the property in the event of default.

ECL on amounts due from current and former related parties are assessed separately, taking into account the related parties' ability to repay the advances upon demand as of the reporting date. In determining ECL for related party receivables, the Group considers historical repayment experience with related parties, the financial position of the counterparties, and other relevant qualitative information, with management exercising judgment in determining the appropriate loss allowance.

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(b).

(g) 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 fair value of the Group's financial assets at FVOCI is disclosed in Note 15.2.

(h) 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 costs. 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.

(i) *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.

(j) *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 Company 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.

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

The Group has entered into various lease agreements as a lessor. 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 certain leases that qualified as finance lease under sublease agreements [see Note 2.12(b)].

(l) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

Discussed below and on 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) Determination of Appropriate Discount Rate in Measuring Significant Financing Component

In the sale of real estate properties, the transaction price is recognized at the present value of the installment payments discounted to the date the entity expects to satisfy its performance obligation.

When adjusting the consideration for significant financing component, an entity shall use the discount rate that would be reflected in a separate financing transaction at contract inception. Management considers the discount rate which would reflect the credit characteristics of the party receiving financing in the contract as well as any collateral or security provided by the customer or entity.

Specifically, for contracts classified as 'seller financing,' the Group bases its lending rate on the rate extended to buyers who utilize its in-house financing. This lending rate is adjusted to reflect the specific circumstances of each financing transaction. For contracts classified as 'buyer financing,' the Group estimates the discount rate using a borrowing rate that would be consistent with a separate financing transaction where the Group is considered the borrower.

(c) 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 applies 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.

(d) *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 2025 and 2024, most of the Group's projects are already completed or are near completion.

(e) *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.

(f) *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 actions 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.

(g) *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.

(b) *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, 2025 and 2024 is disclosed in Notes 9 and 12, respectively.

(i) *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, 2025 and 2024, 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.

(j) *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 the quoted market price of equity securities as of the end of the reporting period. Any change in the 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 under Other Comprehensive Income (Loss) section in the consolidated statements of comprehensive income (see Note 15.2). Fair value gains on financial assets at FVOCI have been recognized in 2025, 2024 and 2023.

(k) *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, 2025 and 2024 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 non-operating 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).

(l) *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. 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 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, intangible assets, goodwill, investments in associates and other nonfinancial assets in 2025, 2024 and 2023, based on management's assessment.

In 2025, 2024 and 2023, certain capital projects-in-progress classified as investment properties and property and equipment were impaired and written off as the management assessed that the continuation of the project are of no benefits to the Group moving forward due to change in plans for the projects (see Notes 12 and 13).

Furthermore, in 2025, 2024 and 2023, certain equity advances were provided with allowance for impairment as management assessed that this is no longer recoverable (see Note 11.2).

(m) *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, include, 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.

(n) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 28.2(b).

4. SEGMENT INFORMATION

The 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 as follows for the years ended December 31, 2025, 2024 and 2023:

<i>(Amounts in PHP)</i>	Leasing	Sale of Real Estate	Management Services	Hotel Operations	Eliminations	Total
2025						
Segment revenues	729,722	574,171	962,671	1,197,954	(91,722)	3,372,796
Cost of real estate sold	-	(42,447)	-	-	-	(42,447)
Cost of rentals	(175,593)	-	-	-	1,502	(174,091)
Cost of room services	-	-	-	(432,444)	4,248	(428,196)
Cost of food and beverage sold	-	-	-	(278,725)	-	(278,725)
Cost of services	-	-	(733,868)	-	73,694	(660,174)
Other operating expenses	(38,080)	(276,462)	(218,660)	(160,562)	(69)	(693,833)
Segment Operating Profit (Loss)	516,049	255,262	10,143	326,223	(12,347)	1,095,330
Total Segment Assets	5,266,900	20,888,592	592,146	3,257,563	8,700,051	38,705,252
Total Segment Liabilities	402,751	14,438,073	268,506	1,919,954	(4,778,396)	12,250,888

<i>(Amounts in PHP)</i>	<u>Leasing</u>	<u>Sale of Real Estate</u>	<u>Management Services</u>	<u>Hotel Operations</u>	<u>Eliminations</u>	<u>Total</u>
2024						
Segment revenues	783,259	466,590	680,558	1,146,941	(44,957)	3,032,391
Cost of real estate sold	-	(374,029)	-	-	-	(374,029)
Cost of rentals	(164,519)	-	-	-	1,375	(163,144)
Cost of room services	-	-	-	(404,681)	4,540	(400,141)
Cost of food and beverage sold	-	-	-	(260,698)	-	(260,698)
Cost of services	-	-	(433,414)	-	22,191	(411,223)
Other operating expenses	(82,824)	(312,400)	(155,571)	(156,214)	4,551	(702,458)
Segment Operating Profit (Loss)	<u>535,916</u>	<u>(219,839)</u>	<u>91,573</u>	<u>325,348</u>	<u>(12,300)</u>	<u>720,698</u>
Total Segment Assets	<u>5,273,651</u>	<u>25,774,638</u>	<u>50,547</u>	<u>3,309,834</u>	<u>8,055,508</u>	<u>42,464,178</u>
Total Segment Liabilities	<u>1,188,719</u>	<u>18,502,595</u>	<u>172,378</u>	<u>2,150,736</u>	<u>(4,090,026)</u>	<u>17,924,402</u>
2023						
Segment revenues	758,270	343,051	570,149	1,155,044	(59,001)	2,767,513
Cost of real estate sold	-	(204,167)	-	-	-	(204,167)
Cost of rentals	(155,539)	-	-	-	1,192	(154,347)
Cost of room services	-	-	-	(415,152)	4,540	(410,612)
Cost of food and beverage sold	-	-	-	(253,647)	-	(253,647)
Cost of services	-	-	(381,906)	-	35,355	(346,551)
Other operating expenses	(279,989)	(140,902)	(125,099)	(146,421)	3,290	(689,121)
Segment Operating Profit (Loss)	<u>322,742</u>	<u>(2,018)</u>	<u>63,144</u>	<u>339,824</u>	<u>(14,624)</u>	<u>709,068</u>
Total Segment Assets	<u>21,967,972</u>	<u>9,561,823</u>	<u>86,698</u>	<u>3,409,768</u>	<u>8,677,224</u>	<u>43,703,485</u>
Total Segment Liabilities	<u>15,158,861</u>	<u>7,958,771</u>	<u>141,800</u>	<u>2,430,365</u>	<u>(3,856,328)</u>	<u>21,833,469</u>

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.

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 receivables, 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, dividends payable, income tax payable and deferred tax liabilities.

4.2 Reconciliations

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total segment assets	38,705,252	42,464,178	43,703,484
Equity advances and investments in associates	13,929,242	12,934,745	12,302,678
Receivables – net	1,579,308	1,814,776	1,126,195
Deferred tax assets	448,106	451,389	395,282
Goodwill	27,462	27,462	27,462
Other assets	2,491,666	2,875,313	2,906,478
Group Total Assets	<u>57,181,036</u>	<u>60,567,863</u>	<u>60,461,579</u>

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total segment liabilities	12,250,888	17,924,402	21,833,469
Due to related parties	33,357	33,357	33,357
Deferred tax liabilities	191,901	199,639	176,101
Retirement benefit liability	76,934	51,545	24,022
Income tax payable	14,532	16,163	1,672
Dividends payable	-	3,154,310	-
Group Total Liabilities	<u>12,567,612</u>	<u>21,379,416</u>	<u>22,068,621</u>

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

5. INTERESTS IN SUBSIDIARIES AND ACQUISITIONS AND DISPOSALS OF ASSETS

5.1 *Acquisitions Accounted as Asset Acquisition*

On August 26, 2022, the Group acquired 100% ownership interest in subsidiaries acquired through asset acquisition. These subsidiaries are engaged in lines of businesses similar to that of the Group. The Group made initial downpayments of P386,469 for the acquisition, while the outstanding balance from the transaction is presented as part of Trade and Other Payables and Other Noncurrent Liabilities in the 2024 and 2023 consolidated statements of financial position (see Note 17). In 2025, the Group fully settled the remaining outstanding payable of P1,932,350, along with the related interest amounting to P421,609.

At the date of acquisition, these entities had no commercial operations, and the assets mainly pertain to parcels of land located in Mandaluyong City. In accordance with the Group's policy, the transaction is treated by the Group as an asset acquisition since it did not constitute a business combination.

The purchase price upon acquisition was allocated among the following accounts based on their relative fair values:

<i>(Amounts in PHP)</i>	
Cash and cash equivalents	327
Trade and other receivables	31,495
Other current assets	87,179
Investment properties	3,746,339
Trade and other payables	(641)

5.2 *Significant Transactions with Non-controlling Interest*

Non-controlling interest (NCI) represents the portion of equity in a subsidiary not attributable, directly or indirectly, to the Group.

In 2023, Picanto issued additional shares amounting to P105, of which P16 was subscribed by SMPI and P89 by the non-controlling interests (NCI), resulting in a change in ownership interest from 77% in 2022 to 70% in 2023. However, in 2025, Picanto issued additional shares amounting to P67, of which SMPI subscribed, resulting in an increase in SMPI ownership interest from 70% in 2023 to 72.08% in 2025.

In 2025, the Group also increased its ownership interest in the subsidiaries acquired through asset acquisition in 2021 from 94% to 100% for an additional consideration of P300,000.

In 2024, the Group acquired the remaining 0.03% NCI in E-fare for a total consideration of P619 (see Notes 1.1 and 25).

In 2022, the Group acquired the remaining 31.7% NCI in Integrated Geosolutions, Inc. for a total consideration of P1,050,040 (see Note 25.5) and settled the remaining outstanding payable of P168,006 in 2025.

These changes in ownership interest did not result to obtaining or losing control; hence, the difference between the consideration paid or received and the additional share acquired or share disposed by the Group amounting to P25,619 and P1 in 2025 and 2024, respectively, is recognized as part of Other Reserves under the Equity section of the consolidated statements of financial position. There was no difference between the consideration paid and shares received in 2023.

5.3 Loss of Control over Subsidiaries

In 2024, the Group disposed of its investments over Rapidshare Realty Corporation and Elite Montagne Realty Corp. for a total consideration amounting to P2,541,512. The aggregate carrying amount of net assets of the entities at the date of disposal is as follows:

(Amounts in PHP)

Current assets	258,895
Noncurrent assets	386,747
Current liabilities	<u>(6,971)</u>
Total net assets	638,671
Total consideration	<u>2,541,512</u>
Gain on deconsolidation	<u>1,902,841</u>

The gain on deconsolidation is presented under Gain on deconsolidation of subsidiaries while the commission expense incurred from the sale of such investments amounting to P50,525 is presented under Miscellaneous income (charges) – net under Other Income (Charges) in the 2024 consolidated statement of comprehensive income (see Note 21.3). The outstanding balance in the amount of P3,829 is presented under Other receivables under Receivables – Net in the 2024 consolidated statement of financial position (see Note 7). In 2025, the outstanding receivable was fully collected. There were no similar transactions in 2023.

5.4 Subsidiaries 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 (Amounts in PHP)		Accumulated NCI (Amounts in PHP)	
	2025	2024	2025	2024	2025	2024
Subsidiaries acquired through asset acquisition – Individual stockholders	-	6%	-	(287)	-	274,440
Excel Unified:						
Equitable PCI Bank Trust Fund	14.50%	14.50%	(172)	(447)	48,887	49,059
Far East Bank and Trust Fund Company	7.50%	7.50%	(89)	(231)	25,287	25,376
Individual stockholders	26.50%	26.50%	(315)	(816)	89,346	89,661

The summarized financial information of Excel Unified and the subsidiaries acquired through asset acquisition is as follows:

(Amounts in PHP)	2025	2024
Current assets	404,472	431,715
Noncurrent assets	987	3,355
Total assets	405,459	435,070
Current liabilities	230,063	375,734
Noncurrent liabilities	9,178	8,807
Total liabilities	239,241	384,541
Equity attributable to owners of the Company	85,603	(23,650)
NCI	80,615	74,179
Net sales	-	-
Total comprehensive loss for the year attributable to owners of the Company	(611)	(6,063)
Total comprehensive income (loss) for the year attributable to NCI	(576)	(1,781)
Total comprehensive loss for the year	(1,187)	(7,844)

The NCI of Excel Unified and the subsidiaries acquired through asset acquisition in 2021 did not have any cash inflow or outflow over the years presented.

6. CASH AND CASH EQUIVALENTS

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cash on hand and in banks	2,284,126	758,526
Short-term placements	<u>290,276</u>	<u>265,029</u>
	<u>2,574,402</u>	<u>1,023,555</u>

Cash in banks is unrestricted and readily available for use in the operations of the Group. These generally earn interest based on daily bank deposit rates and are recorded as part of Finance income under Other Income (Charges) section in the consolidated statements of comprehensive income (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 2.75% to 5.75% in 2025, 1.19% to 6.0% in 2024 and 3.00% to 5.95% in 2023 (see Note 21.2).

7. RECEIVABLES – Net

This account is composed of the following:

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>
<i>Current:</i>			
Contract receivables	7.1, 24	577,484	499,415
Advances to contractors		82,743	67,832
Accounts receivables	10, 24	71,417	504,798
Due from former related parties	24	30,792	30,792
Finance lease receivables	18, 27.1	13,209	14,138
Other receivables	5.3, 7.2	<u>109,675</u>	<u>56,201</u>
		885,320	1,173,176
Allowance for impairment		<u>(139,057)</u>	<u>(140,540)</u>
		<u>746,263</u>	<u>1,032,636</u>
<i>Noncurrent:</i>			
Accounts receivables		633,416	589,629
Advances to contractors		149,338	144,204
Contract receivables	7.1, 24	50,291	35,098
Finance lease receivables	18, 27.1	<u>-</u>	<u>13,209</u>
		<u>833,045</u>	<u>782,140</u>
		<u>1,579,308</u>	<u>1,814,776</u>

All of the Group's receivables have been assessed for impairment using ECL methodology. In prior years, certain receivables were found to be impaired and allowance for impairment has been recognized accordingly. No additional provisions were recognized in 2025, 2024 and 2023.

The Group recognized a reversal of impairment of amounting to P1,483 for both 2025 and 2024 and P2,966 for 2023, respectively, which is presented as part of Miscellaneous income (charges) – net under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.3).

A reconciliation of the allowance for impairment at the beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	140,540	142,023
Reversal	<u>(1,483)</u>	<u>(1,483)</u>
Balance at end of year	<u>139,057</u>	<u>140,540</u>

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 or noninterest-bearing. Interest-bearing receivables carry an annual interest rate of 16.0% in 2025 and 6.0% to 16.0% in 2024. Noninterest-bearing receivables are measured at amortized cost and discounted using rates ranging from 1.74% to 8.06% in 2025 and 1.91% to 8.06% in 2024, 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 for the portion pertaining to contract price.

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 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, assignment (see Note 10) 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, is presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Subdivision houses and lots	1,122,015	1,113,723
Construction in progress (CIP)	<u>251,506</u>	<u>254,660</u>
	<u>1,373,521</u>	<u>1,368,383</u>

The movements of this account are as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		1,368,383	1,495,734
Additions		47,301	91,129
Reclassifications	9, 10, 12, 32	(996)	155,549
Sales	19	<u>(41,167)</u>	<u>(374,029)</u>
Balance at end of year		<u>1,373,521</u>	<u>1,368,383</u>

In 2025 and 2023, the Group recognized gain from repossession of inventory amounting to P3,781 and P775, respectively, and is presented as part of Miscellaneous income (charges) – net under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.3). There was no similar transaction in 2024.

In 2024, the Group reclassified certain Investment Properties and Raw Land Inventory to Real Estate Projects due to change of use of the properties amounting to P155,549. The transferred properties in 2024 amounting to P148,575 were sold in the same year.

The net realizable value of real estate projects is higher than its carrying value as of December 31, 2025 and 2024, based on management's assessment.

9. RAW LAND INVENTORY

A summary of the aggregate cost of raw land inventory being held by the Group as of December 31 is presented below and on the succeeding page.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
San Miguel Properties Inc.	1,791,590	7,311,816
Agricultural Investors, Inc	778,074	778,074
Integrated Geosolutions Inc	609,185	605,508
E-fare Investment Holdings Inc.	182,945	182,945
Grandioso Realty Corporation	71,202	71,202
Excel Unified Land Resources Corporation	70,965	70,386
Brillar Realty and Development Corporation	45,839	45,839
First Monte Sierra Realty Corp.	<u>43,424</u>	<u>43,424</u>
<i>Balance carried forward</i>	<u>3,593,224</u>	<u>9,109,194</u>

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
<i>Balance brought forward</i>	<u>3,593,224</u>	<u>9,109,194</u>
Coron Islands Holdings, Inc	36,662	36,662
Silang Resources, Inc.	36,372	36,372
Tierra Castellanas Development, Inc.	25,068	25,068
Busuanga Bay Holdings, Inc	22,096	22,096
Cliffside Rock Realty Inc	17,878	-
Dimanyan Wakes Holdings, Inc	16,259	16,259
Bulalacao Property Holding, Inc	7,656	7,656
Calamian Prime Holdings, Inc	5,201	5,201
Escalle Property Holdings Inc.	3,597	-
Nine Pillars Holdings Inc.	3,264	-
Rockside Holdings Inc.	3,264	-
Sunset Shore Holdings Inc.	3,264	-
Tidalview Holdings Inc.	3,264	-
Palawan White Sands Holding Corporation	<u>2,989</u>	<u>2,989</u>
	<u>3,780,058</u>	<u>9,261,497</u>

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

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		9,261,497	9,494,924
Rescission of contracts		(5,704,363)	-
Additions		208,866	15,273
Reclassification	10, 12, 32	15,338	(7,286)
Sales during the year	19	(1,280)	-
Disposal of subsidiaries	5.3	<u>-</u>	<u>(241,414)</u>
Balance at end of year		<u>3,780,058</u>	<u>9,261,497</u>

In 2022, the Group acquired raw land inventories from a related party under common control for a total consideration of P6,388,887 (payable in annual installments until 2026 and bearing interest of 5.11% per annum). On December 19, 2025, following an evaluation that the property no longer met the Group's intended use, the parties executed a termination agreement, resulting in the rescission of the purchase of raw land inventories amounting to P5,704,363. Consequently, the current and noncurrent portions of the related outstanding payables totaling P3,194,443 were extinguished in 2025 (see Note 17). In addition, during the same year, the Group refunded P2,852,182 representing amounts previously paid in relation to the rescinded transaction.

In 2025, the Group reclassified a parcel of land originally recognized as part of Deposit on Land for Future Development to Raw Land Inventory amounting to P15,341. The Group also reclassified a parcel of land originally recognized as part of Raw Land Inventory to Investment Properties due to change in use from being held principally for sale to being held for rental purposes amounting to P3 (see Note 32).

In 2024, the Group reclassified a parcel of land originally recognized as part of Raw Land Inventory to Investment Properties due to change in use amounting to P312 and to Real Estate Projects amounting to P6,974 (see Notes 8 and 12).

In 2023, the Group reclassified to Raw Land Inventory certain parcels of land originally part of Investment Properties, amounting to P186,302, from being originally held for rental purposes to being held for sale, and Deposit on Land for Future Development amounting to P16. The Group also reclassified a parcel of land originally recognized as part of Raw Land Inventory to Investment Properties due to change in use amounting to P2,907 (see Notes 9, 12 and 32).

In 2025 and 2024, the Group acquired additional properties amounting to P208,866 and P15,273, respectively. Additionally, the Group incurred costs to effect transfer of the titles of certain properties. The costs were capitalized as part of Raw Land Inventory in the consolidated statements of financial position.

Management determined that these properties have a total fair value of P29,613,982 and P29,532,703 as of December 31, 2025 and 2024, 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 is presented in Note 30.4.

10. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

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

A portion of these deposits pertain to the Group's contributions to a real estate project with other domestic companies, involving the development of two parcels of subdivided lots in two separate locations. These contributions are administered by a trustee bank and have been recognized as part of Deposits on Land for Future Development until the completion of necessary activities such as documentation process, consolidation of the titles and other activities relative to the acquisition of the lots. In previous years, the Group, through its property consolidator and legal consultant (the Consultant) completed the documentation, consolidation and transfer of titles for a portion of one parcel under its name.

In 2024, based on the Consultant's advice, management decided to assign a portion of its interest in the project due to the expected extended duration required to complete the necessary documentation and title consolidation for the remaining lots. Consequently, on November 11, 2024, the Group executed a deed of assignment for a total consideration of P496,823, resulting in a gain from the assignment of P130,265, recorded as part of Other Income (Charges) in the 2024 consolidated statement of comprehensive income (see Note 21.3). The outstanding receivable amounting to P474,432, was presented as part of Receivables – net in the current assets section of the 2024 consolidated statement of financial position (see Note 7). This was fully collected in 2025.

Additionally, in 2024, the Company refunded P208,602 in deposits on land for future development related to the project, as the related plans were rescinded.

The Group transferred certain deposits to Investment Properties amounting to P75,549, P67,467 and P38,510 in 2025, 2024 and 2023, respectively (see Note 12 and 32). The Group also reclassified portions of the deposits to Raw Land Inventory amounting to P15,341 and P16 in 2025 and 2023, respectively, upon completion of the land acquisition (see Note 9). There was no similar reclassification in 2024. Moreover in 2023, the Group also reclassified portions of the deposits to Real Estate Projects amounting to P70,682.

Accordingly, the Group also presented the outstanding balance of deposits as of December 31, 2025 and 2024 under the Current and Noncurrent Assets section of the consolidated statements of financial position and are presented as follows.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Current	137,341	125,342
Noncurrent	<u>1,321,111</u>	<u>1,308,286</u>
Balance at end of year	<u>1,458,452</u>	<u>1,433,628</u>

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

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		1,433,628	1,852,313
Additions		118,345	223,942
Reclassifications – net	8, 9, 12	(93,521)	(67,467)
Assignment		-	(366,558)
Refund		<u>-</u>	<u>(208,602)</u>
Balance at end of year		<u>1,458,452</u>	<u>1,433,628</u>

In 2024, the Group reclassified portion of the deposits amounting to P73,375 from noncurrent to current as the land subject for acquisition is intended to be part of the Company's raw land inventory. There was no similar reclassification in 2025.

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, 2025 and 2024.

11. EQUITY ADVANCES AND INVESTMENTS IN ASSOCIATES – Net

The composition of these accounts as of December 31 is as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Investments in associates	11.1	13,790,356	12,795,962
Equity advances – net	11.2	<u>138,886</u>	<u>138,783</u>
		<u>13,929,242</u>	<u>12,934,745</u>

11.1 Investments in Associates

Investments in associates as of December 31 accounted for under the equity method are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Acquisition costs:		
BankCom	7,801,496	7,801,496
NLI	<u>232,000</u>	<u>232,000</u>
	<u>8,033,496</u>	<u>8,033,496</u>
Accumulated share in total comprehensive income at beginning of the year:		
BankCom	4,466,851	3,822,984
NLI	<u>295,615</u>	<u>299,270</u>
	<u>4,762,466</u>	<u>4,122,254</u>
Share in profit (loss):		
BankCom	1,039,139	753,524
NLI	<u>(5,532)</u>	<u>(3,655)</u>
	<u>1,033,607</u>	<u>749,869</u>
Share in other comprehensive income (loss) of BankCom:		
Fair value gains (losses) on financial assets through FVOCI	207,534	(10,143)
Equity reserve for retirement plan	2,515	10,874
Cumulative translation adjustment	581	2,077
Others	<u>(48,373)</u>	<u>-</u>
	<u>162,257</u>	<u>2,808</u>
Dividends declared	<u>(201,470)</u>	<u>(112,465)</u>
Net change during the year	<u>994,394</u>	<u>640,212</u>
Accumulated share in total comprehensive income at end of the year:		
BankCom	5,466,777	4,466,851
NLI	<u>290,083</u>	<u>295,615</u>
	<u>5,756,860</u>	<u>4,762,466</u>
	<u>13,790,356</u>	<u>12,795,962</u>

The summarized financial information of the Group's associates shown in their respective financial statements are presented below:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
<u>BankCom</u>		
Total assets	<u>286,853,531</u>	<u>265,440,067</u>
Total liabilities	<u>250,275,495</u>	<u>232,210,000</u>
Revenues	<u>15,317,549</u>	<u>13,163,840</u>
Profit for the year	<u>3,539,869</u>	<u>3,024,939</u>
Other comprehensive income for the year	<u>659,456</u>	<u>8,792</u>
Total comprehensive income for the year	<u>4,199,325</u>	<u>3,033,731</u>
<u>NLI</u>		
Total assets	<u>2,894,495</u>	<u>3,164,048</u>
Total liabilities	<u>216,225</u>	<u>458,118</u>
Revenues	<u>-</u>	<u>4,848</u>
Profit (loss)	<u>(27,660)</u>	<u>(18,274)</u>

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 and on the succeeding page.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
<u>BankCom</u>		
Profit, before adjustments	<u>3,539,869</u>	<u>3,024,939</u>
Intercompany adjustments	<u>-</u>	<u>(5,739)</u>
Profit, after adjustments	<u>3,539,869</u>	<u>3,019,200</u>
Equity ownership interest	<u>31.94%</u>	<u>31.94%</u>
Share in profit of BankCom, before dividends on Preferred shares	<u>1,130,634</u>	<u>964,333</u>
Dividend on preferred shares		
Equity ownership interest of 39.93%	<u>-</u>	<u>(36,603)</u>
Dividend on preferred shares		
Equity ownership interest of 31.94%	<u>(91,495)</u>	<u>(174,206)</u>
Total share in profit of BankCom	<u>1,039,139</u>	<u>753,524</u>

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
<u>NLI</u>		
Profit (loss)	(27,660)	(18,274)
Equity ownership interest	20%	20%
Share in profit (loss) of NLI	<u>(5,532)</u>	<u>(3,655)</u>

BankCom 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, BankCom has complied with the statutory and regulatory capital requirements which were computed based on the regulatory accounting policies that differ from PFRS Accounting Standards in some aspects. In previous years, BankCom's retained earnings were restricted from declaration of dividends to common shareholders to the extent of the cumulative cash dividends in arrears amounting to P320,200, which were declared by the Board of Directors on December 16, 2008 in favor of the holders of certain redeemed preferred shares. As at December 31, 2025 and 2024, BankCom no longer have the restriction on its retained earnings and maintains an outstanding liability and sinking fund related to the unpaid portion of the redemption price of preferred shares amounting to P312,044 and P301,145, respectively.

On December 23, 2021, the Monetary Board of the BSP, in its Resolution No. 1798, approved the upgrade of the banking license of BankCom from commercial bank to universal bank. On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BankCom, which includes the 280,602,800 common shares subject of the initial public offering. The 1,403,013,920 common shares of BankCom were listed with the Main Board of the PSE on March 31, 2022 (see Note 1.1).

In 2025 and 2024, the Company received dividend income from BankCom amounting to P201,470 and P112,465, respectively, equivalent to P0.4500 and P0.2512 per share. These dividends were received in full. As of 2025 and 2024, the Company's investment in BankCom has a fair market value of P4,123,179 and P3,025,159, respectively, based on the closing rate of P9.20 and P6.75 per share, respectively.

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.

Management assessed that additional impairment losses are required to be recognized on the equity advances in 2025, 2024 and 2023 amounting to P3,463, P11,984, and P498,495, respectively, and are presented as part of Miscellaneous income (charges) – net section under Other Income (Charges) in the consolidated statements of comprehensive income. Total allowance for impairment as of December 31, 2025 and 2024 amounts to P834,470 and P831,007, respectively.

The movements of these equity advances are presented below.

<i>(Amounts in PHP)</i>	Note	2025	2024
Balance at beginning of year		138,783	146,928
Additions		3,566	3,839
Impairment loss	21.3	<u>(3,463)</u>	<u>(11,984)</u>
Balance at end of year		<u>138,886</u>	<u>138,783</u>

12. INVESTMENT PROPERTIES – Net

The gross amounts and accumulated depreciation and amortization of investment properties at the beginning and end of 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	Land	Land Improvements	Building and Improvements	Capital Projects in-Progress	Right-of-use Assets	Total
December 31, 2025						
Cost	19,327,982	23,787	1,574,259	1,315,145	61,461	22,302,634
Accumulated depreciation and amortization	-	<u>(8,569)</u>	<u>(577,143)</u>	<u>(14,260)</u>	<u>(46,707)</u>	<u>(646,679)</u>
Net carrying amount	<u>19,327,982</u>	<u>15,218</u>	<u>997,116</u>	<u>1,300,885</u>	<u>14,754</u>	<u>21,655,955</u>
December 31, 2024						
Cost	19,205,040	16,643	1,573,938	1,221,420	61,461	22,078,502
Accumulated depreciation and amortization	-	<u>(7,245)</u>	<u>(544,686)</u>	<u>(14,260)</u>	<u>(39,944)</u>	<u>(606,135)</u>
Net carrying amount	<u>19,205,040</u>	<u>9,398</u>	<u>1,029,252</u>	<u>1,207,160</u>	<u>21,517</u>	<u>21,472,367</u>
January 1, 2024						
Cost	19,460,375	19,287	1,362,678	1,390,288	61,461	22,294,089
Accumulated depreciation and amortization	-	<u>(7,936)</u>	<u>(577,408)</u>	<u>(14,260)</u>	<u>(33,181)</u>	<u>(632,785)</u>
Net carrying amount	<u>19,460,375</u>	<u>11,351</u>	<u>785,270</u>	<u>1,376,028</u>	<u>28,280</u>	<u>21,661,304</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of the reporting periods is shown below and on the succeeding page.

<i>(Amounts in PHP)</i>	Land	Land Improvements	Building and Improvements	Capital Projects in-Progress	Right-of-use Assets	Total
Balance at January 1, 2025, net of accumulated depreciation, amortization and impairment	19,205,040	9,398	1,029,252	1,207,160	21,517	21,472,367
Additions	47,390	1,466	121	97,011	-	145,988
Reclassifications - net	75,552	5,678	200	(3,286)	-	78,144
Depreciation and amortization charges during the year	-	<u>(1,324)</u>	<u>(32,457)</u>	-	<u>(6,763)</u>	<u>(40,544)</u>
Balance at December 31, 2025, net of accumulated depreciation, amortization and impairment	<u>19,327,982</u>	<u>15,218</u>	<u>997,116</u>	<u>1,300,885</u>	<u>14,754</u>	<u>21,655,955</u>

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Capital Projects in-Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
Balance at January 1, 2024, net of accumulated depreciation, amortization and impairment	19,460,375	11,351	785,270	1,376,028	28,280	21,661,304
Additions	155,853	-	35,708	114,172	-	305,733
Reclassifications - net	(25,449)	(1,065)	245,939	(281,444)	-	(62,019)
Disposals (see Note 5.3)	(385,739)	-	-	-	-	(385,739)
Impairment	-	-	-	(1,596)	-	(1,596)
Depreciation and amortization charges during the year	-	(888)	(37,665)	-	(6,763)	(45,316)
Balance at December 31, 2024, net of accumulated depreciation, amortization and impairment	19,205,040	9,398	1,029,252	1,207,160	21,517	21,472,367
Balance at January 1, 2023, net of accumulated depreciation, amortization and impairment	18,866,741	59,590	709,472	852,291	35,043	20,523,137
Additions	355,002	6,795	2,254	463,869	-	827,920
Reclassifications - net	238,632	(54,206)	109,123	74,128	-	367,677
Impairment	-	-	-	(14,260)	-	(14,260)
Depreciation and amortization charges during the year	-	(828)	(35,579)	-	(6,763)	(43,170)
Balance at December 31, 2023, net of accumulated depreciation, amortization and impairment	19,460,375	11,351	785,270	1,376,028	28,280	21,661,304

In 2025, 2024 and 2023, the Group reclassified certain deposit on land for future development amounting to P75,549, P67,467 and P38,510, respectively, to Investment Properties (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 P186,302, were reclassified to Raw Land Inventory in 2023 as the property is expected to be principally recovered from sale rather than being held for capital appreciation (see Notes 9 and 32). There were no similar transactions in 2025 and 2024.

Also, the Group reclassified various investment properties to real estate projects amounting to P148,575 and P1,772 in 2024 and 2023, respectively (see Note 8). There was no similar transaction in 2025.

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

In 2024 and 2023, the Group assessed that one of its Capital projects-in-progress classified under investment properties, has incurred impairment loss in the amount of P1,596 and P14,260, respectively, as part of Miscellaneous income (charges) – net under Other Income (Charges) section in 2024 and 2023 consolidated statements of comprehensive income (see Note 21.3). No similar provisions were recognized in 2025.

In 2024, the Group disposed investment properties amounting to P385,739 in relation to the sale of subsidiaries (see Note 5.2).

The total rental income earned from fixed lease payments from investment properties 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). On the other hand, the direct operating costs of investment properties that did not generate rental income, which mostly pertain to real property taxes and contracted services amounted to P93,491, P54,872 and P50,434 in 2025, 2024 and 2023, respectively.

Based on the recent reports of independent appraisers, the Group's investment properties have a total fair value of P72,463,964 and P72,025,001 as of December 31, 2025 and 2024, respectively. Information about the fair value measurement and disclosures related to investment properties are presented in Note 30.4.

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

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

13. PROPERTY AND EQUIPMENT – Net

The gross amounts and accumulated depreciation, amortization and impairment of property and equipment at the beginning and end of 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Building and Improvements</u>	<u>Machineries and Transportation Equipment</u>	<u>Furniture, Fixture and Other Improvements</u>	<u>Capital Projects In-Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
December 31, 2025,							
Cost	699,822	3,656,126	255,582	664,584	4,634,640	47,768	9,958,522
Accumulated depreciation, amortization, and impairment	-	(906,110)	(169,468)	(621,395)	(363,752)	(34,933)	(2,095,658)
Net carrying amount	<u>699,822</u>	<u>2,750,016</u>	<u>86,114</u>	<u>43,189</u>	<u>4,270,888</u>	<u>12,835</u>	<u>7,862,864</u>
December 31, 2024,							
Cost	699,822	3,635,117	245,309	653,810	4,513,667	55,254	9,802,979
Accumulated depreciation, amortization, and impairment	-	(834,541)	(142,146)	(615,728)	(272,149)	(33,667)	(1,898,231)
Net carrying amount	<u>699,822</u>	<u>2,800,576</u>	<u>103,163</u>	<u>38,082</u>	<u>4,241,518</u>	<u>21,587</u>	<u>7,904,748</u>
January 1, 2024,							
Cost	699,822	3,605,639	238,902	638,812	4,166,501	51,088	9,400,764
Accumulated depreciation, amortization, and impairment	-	(769,778)	(113,186)	(598,942)	(65,160)	(17,002)	(1,564,068)
Net carrying amount	<u>699,822</u>	<u>2,835,861</u>	<u>125,716</u>	<u>39,870</u>	<u>4,101,341</u>	<u>34,086</u>	<u>7,836,696</u>

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

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Building and Improvements</u>	<u>Machineries and Transportation Equipment</u>	<u>Furniture, Fixture And Other Improvements</u>	<u>Capital Projects in-Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
Balance at January 1, 2025, net of accumulated depreciation, amortization, and impairment	699,822	2,800,576	103,163	38,082	4,241,518	21,587	7,904,748
Additions	-	2,540	11,040	27,312	107,420	9,871	158,183
Reclassifications - net	-	18,469	-	-	13,588	-	32,057
Disposals	-	-	-	(14)	(35)	(1,495)	(1,544)
Impairment	-	-	-	-	(91,603)	-	(91,603)
Depreciation and amortization charges during the year	-	(71,569)	(28,089)	(22,191)	-	(17,128)	(138,977)
Balance at December 31, 2025, net of accumulated depreciation, amortization, and impairment	<u>699,822</u>	<u>2,750,016</u>	<u>86,114</u>	<u>43,189</u>	<u>4,270,888</u>	<u>12,835</u>	<u>7,862,864</u>
Balance at January 1, 2024, net of accumulated depreciation, amortization, and impairment	699,822	2,835,861	125,716	39,870	4,101,341	34,086	7,836,696
Additions	-	3,337	2,856	18,957	343,675	4,166	372,991
Reclassifications - net	-	31,538	(18,246)	(479)	3,491	-	16,304
Disposals	-	(592)	(846)	-	-	-	(1,438)
Impairment	-	-	-	-	(206,989)	-	(206,989)
Depreciation and amortization charges during the year	-	(69,568)	(6,317)	(20,266)	-	(16,665)	(112,816)
Balance at December 31, 2024, net of accumulated depreciation, amortization, and impairment	<u>699,822</u>	<u>2,800,576</u>	<u>103,163</u>	<u>38,082</u>	<u>4,241,518</u>	<u>21,587</u>	<u>7,904,748</u>
Balance at January 1, 2023, net of accumulated depreciation, amortization, and impairment	1,086,288	2,947,302	145,954	37,603	3,713,137	10,200	7,940,484
Additions	-	1,145	6,556	20,787	434,666	39,533	502,687
Reclassifications - net	(386,466)	(44,525)	-	18	18,698	-	(412,275)
Impairment	-	-	-	-	(65,160)	-	(65,160)
Depreciation and amortization charges during the year	-	(68,061)	(26,794)	(18,538)	-	(15,647)	(129,040)
Balance at December 31, 2023, net of accumulated depreciation, amortization, and impairment	<u>699,822</u>	<u>2,835,861</u>	<u>125,716</u>	<u>39,870</u>	<u>4,101,341</u>	<u>34,086</u>	<u>7,836,696</u>

Due to change in use of the properties, certain parcels of land and building amounting to P430,991 were reclassified from Property and Equipment to Investment Properties in 2023, and from Investment Properties to Property and Equipment amounting to P2,625 in 2024 (see Notes 12 and 32). The Group also reclassified to Property and Equipment certain materials and supplies in 2025 and 2024, and advances to contractors in 2025, 2024 and 2023 (see Note 32).

Depreciation charges are reported as part of Depreciation and amortization under Cost of Room Services and Cost of Food and Beverages Sold and Other Operating Expenses section in the consolidated statements of comprehensive income (see Notes 19 and 20). Portion of the depreciation charges are capitalized as part of the Capital projects-in-progress under Property and Equipment amounting to P21,480, P21,704 and P21,569 in 2025, 2024 and 2023, respectively. These are presented as part of the reclassifications in 2025, 2024 and 2023.

Certain fully depreciated assets with acquisition costs of P611,521 and P560,247 as of December 31, 2025 and 2024, respectively, are still being used in the Group's operations.

In 2025, the Group retired and sold certain fully depreciated assets with an original cost of P16,723 and P55, respectively, resulting in a gain of P113 which is presented as part of Miscellaneous Income (Charges) – Net in the 2025 statement of comprehensive income. The Group also sold certain equipment with a carrying amount of P35. The equipment was sold at carrying amount resulting in no gain or loss. There was no similar transaction in 2024 and 2023.

The Group has assessed that certain Capital projects-in-progress with an accumulated cost amounting to P91,603, P206,989 and P65,160 in 2025, 2024 and 2023, respectively, was impaired and the related loss was recognized as part of Miscellaneous income (charges) – net under Other Income (Charges) section in consolidated statement of comprehensive income (see Note 21.3).

In 2024, the Group received an insurance claim on its Property and Equipment amounting to P1,100, resulting to a gain amounting of P253 that was recognized as part of Miscellaneous income (charges) – net under Other Income (Charges) section in 2024 consolidated statement of comprehensive income (see Note 21.3). There was no similar transaction in 2025 and 2023.

14. INTANGIBLE ASSETS – Net

The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	<u>Software Licenses</u>	<u>Land Use Rights</u>	<u>Total</u>
December 31, 2025			
Cost	57,742	164,213	221,955
Accumulated amortization	<u>(51,887)</u>	<u>(1,106)</u>	<u>(52,993)</u>
Net carrying amount	<u>5,855</u>	<u>163,107</u>	<u>168,962</u>
December 31, 2024			
Cost	59,026	164,213	223,239
Accumulated amortization	<u>(50,838)</u>	<u>(1,106)</u>	<u>(51,944)</u>
Net carrying amount	<u>8,188</u>	<u>163,107</u>	<u>171,295</u>
January 1, 2024			
Cost	55,797	164,213	220,010
Accumulated amortization	<u>(44,354)</u>	<u>(1,106)</u>	<u>(45,460)</u>
Net carrying amount	<u>11,443</u>	<u>163,107</u>	<u>174,550</u>

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

<i>(Amounts in PHP)</i>	<u>Software Licenses</u>	<u>Land Use Rights</u>	<u>Total</u>
Balance at January 1, 2025, net of accumulated amortization	8,188	163,107	171,295
Additions	3,612	-	3,612
Reclassification	19	-	19
Amortization charges for the year	<u>(5,964)</u>	<u>-</u>	<u>(5,964)</u>
Balance at December 31, 2025, net of accumulated amortization	<u>5,855</u>	<u>163,107</u>	<u>168,962</u>
Balance at January 1, 2024, net of accumulated amortization	11,443	163,107	174,550
Additions	3,229	-	3,229
Amortization charges for the year	<u>(6,484)</u>	<u>-</u>	<u>(6,484)</u>
Balance at December 31, 2024, net of accumulated amortization	<u>8,188</u>	<u>163,107</u>	<u>171,295</u>
Balance at January 1, 2023, net of accumulated amortization	10,869	163,107	173,976
Additions	6,023	-	6,023
Reclassification	228	-	228
Amortization charges for the year	<u>(5,677)</u>	<u>-</u>	<u>(5,677)</u>
Balance at December 31, 2023, net of accumulated amortization	<u>11,443</u>	<u>163,107</u>	<u>174,550</u>

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

In 2025 and 2023, certain other assets and capital projects-in-progress amounting to P19 and P228, respectively, were reclassified to Software Licenses (see Note 32). There were no similar transactions in 2024.

Intangible assets with finite useful lives are subject to impairment testing whenever there is an indication of impairment. No impairment loss was recognized in 2025, 2024 and 2023 as the recoverable amounts of the intangible assets determined by management are higher than their carrying values.

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

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

15. **OTHER ASSETS** – Net

This account consists of the following:

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>
Current:			
Prepaid expenses		1,093,940	1,033,803
Input VAT		1,090,850	1,339,671
Inventories		9,456	9,178
Others		42,304	34,355
		<u>2,236,550</u>	<u>2,417,007</u>
Noncurrent:			
Financial assets at FVOCI	15.2	86,154	81,654
Goodwill	15.1	27,462	27,462
Input VAT		<u>-</u>	<u>205,357</u>
		<u>113,616</u>	<u>314,473</u>
		<u>2,350,166</u>	<u>2,731,480</u>

Inventories, which are all stated at cost, pertain to supplies, food and beverages. The cost of inventories recognized as expense in 2025, 2024 and 2023 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 10.28% and 6.83%, in 2025 and 2024, respectively. 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 1.9% and 2.7%, which was based on the forecasted Philippine average growth rate of residential real estate price index in 2025 and 2024, respectively. 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 2025, 2024 and 2023.

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.

The Group recognized a change in the fair value of these financial assets, resulting in an unrealized gain of P4,500, P27,891 and P26,273 in 2025, 2024 and 2023, respectively. This gain is presented under the other comprehensive income section of the consolidated statements of comprehensive income.

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 acquisition 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 4.25% to 7.25% in 2025, 4.50% to 7.50% in 2024 and 4.50% to 6.90% in 2023. The related loan agreements do not contain loan covenant provisions. The outstanding balance of these interest-bearing loans amounting to P9,683,600 and P10,173,600 in 2025 and 2024, respectively, is presented as Loans and Borrowings under the Current Liabilities section of the statements of financial position. A reconciliation of the outstanding balance at the beginning and end of 2025 and 2024 is presented on Note 33.

Interest expense charged to operations amounted to P582,843, P597,257 and P580,339 in 2025, 2024 and 2023, respectively, and is presented as part of Finance costs under Other Income (Charges) in the consolidated statements of comprehensive income (see Note 21.1). Unpaid interest amounting to P26,774 and P42,385 as of December 31, 2025, and 2024, respectively, is shown as part of Accrued expenses under Trade and Other Payables in the consolidated statements of financial position (see Notes 17 and 33).

In addition, interest incurred on specific loans directly attributable to the acquisition, construction and development of qualifying assets was capitalized as borrowing costs. The capitalization of borrowing costs was determined based on actual interest incurred on related loans. The borrowing costs amounting to P162,549 and P146,984 in 2024 and 2023, respectively, were capitalized as part of the Group's capital projects-in-progress (see Notes 12 and 13). There is no similar capitalization in 2025 due to the postponement of construction activities.

No assets are pledged as collateral for the existing loans as of December 31, 2025 and 2024.

17. TRADE AND OTHER PAYABLES

This account is composed of:

<i>(Amounts in PHP)</i>	Notes	2025	2024
Current:			
Accounts payable	5.1, 9, 24	1,589,780	4,394,331
Taxes payable		190,177	167,164
Accrued expenses	16	143,411	261,451
Retention payable		117,456	138,674
Provisions	27.2	4,564	4,564
Other payables		5,808	5,009
		2,051,196	4,971,193
<i>Balance carried forward</i>			

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<i>Balance brought forward</i>		<u>2,051,196</u>	<u>4,971,193</u>
Noncurrent – Accounts payable	5.1, 9, 24	<u>-</u>	<u>2,314,990</u>
		<u>2,051,196</u>	<u>7,286,183</u>

Accounts payable (current and noncurrent portion) includes interest-bearing and noninterest-bearing payables for acquisition of raw land inventory and investment in subsidiaries with interest rate of 5.11% per annum (see Notes 5.1, 9 and 24). Interest expense incurred on these payables in 2025, 2024 and 2023 amounting to P328,269, P20,522 and P36,052, respectively, are presented as part of Finance Costs in the consolidated statements of comprehensive income (see Note 21.1).

In 2025, the Group rescinded its acquisition of raw land inventories and executed a termination agreement (see Note 9). As a result, the current and noncurrent portions of the related outstanding payables amounting to P3,194,443 were extinguished in the same year. No gain or loss was recognized in connection with the rescission. There was no similar transaction in 2024.

In 2025 and 2024, the Parent Company received deposits to sell its investment in a certain subsidiary. Management continues to evaluate the terms of the proposed transaction, which remains subject to further negotiations.

Retention payables pertain to the amount withheld from payments made to contractors to ensure compliance, which is based on the percentage of work done, and accruals for construction management services of its real estate projects, interest and professional fees incurred. Upon completion of the contracted projects, the amounts are remitted to the contractors.

Accrued expenses include accruals for constructions management services of real estate projects and various operating expenses, such as interest expense, outside services and short-term employee benefits.

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 a remaining lease term of one year, which is currently being subleased by the Group to other parties. The outstanding obligation relating to this lease contract as of December 31, 2025 and 2024 is presented as part of Lease Liabilities in the consolidated statements of financial position. Moreover, the Group recognized Finance lease receivables under Receivables (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 the sublease agreement classified as finance leases is presented as Right-of-use assets under Investment Properties in the consolidated statements of financial position (see Note 12).

The Group also holds a lease on certain parcel of land for 20 years starting January 1, 2020 until December 31, 2039, subject to renewal upon mutual agreement of the parties, unless sooner terminated upon mutual written agreement signed by both parties. The related land is presented as Right-of-use assets under Investment Property in the consolidated statements of financial position (see Note 12).

In prior years, the Group entered into different lease agreements to be used for offices with a remaining lease term of one year which are presented as part of Property and Equipment in the consolidated statements of financial position (see Note 13).

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 leased 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 to 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.

Advance rentals and deposits related to the Group's lease arrangements amounted to P345,811 and P269,229 as of December 31, 2025 and 2024, respectively. These are presented under the Current and Noncurrent Liabilities section in the statements of financial position.

18.1 Lease Liabilities

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Current	37,234	46,510
Noncurrent	11,228	39,178
	<u>48,462</u>	<u>85,688</u>

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 and 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 benefit of exercising such options exceeds the expected overall cost. In 2025, the Group terminated certain lease agreements with a carrying amount of P1,732. The resulting gain of P136 is presented under Miscellaneous income (charges) – net under Other Income (Charges) in the 2025 consolidated statement of comprehensive income. There was no similar transaction in 2024.

As of December 31, 2025 and 2024, 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 maturity analysis of lease liabilities as of December 31 are as follows:

<i>(Amounts in PHP)</i>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
December 31, 2025							
Lease payment	39,565	1,163	1,198	1,233	1,270	12,881	57,310
Finance charge	<u>(2,331)</u>	<u>(803)</u>	<u>(775)</u>	<u>(742)</u>	<u>(704)</u>	<u>(3,493)</u>	<u>(8,848)</u>
Net Present Value	<u>37,234</u>	<u>360</u>	<u>423</u>	<u>491</u>	<u>566</u>	<u>9,388</u>	<u>48,462</u>
December 31, 2024							
Lease payment	51,973	29,843	1,297	1,197	1,233	14,152	99,695
Finance charge	<u>(5,463)</u>	<u>(2,015)</u>	<u>(815)</u>	<u>(775)</u>	<u>(742)</u>	<u>(4,197)</u>	<u>(14,007)</u>
Net Present Value	<u>46,510</u>	<u>27,828</u>	<u>482</u>	<u>422</u>	<u>491</u>	<u>9,955</u>	<u>85,688</u>

18.2 Additional Profit or Loss and Cash Flow Information

The total cash outflows in respect of leases amounted to P45,365, P41,188 and P30,448 in 2025, 2024 and 2023, respectively. Total cash inflow in respect of leases amounted to P14,138, P12,497 and P11,008 in 2025, 2024 and 2023, respectively. Interest expense in relation to lease liabilities amounted to P5,801, P8,858, and P10,898 in 2025, 2024 and 2023, respectively. On the other hand, interest income in relation to finance lease receivables amounted to P1,850, P3,015 and P4,044 in 2025, 2024 and 2023, respectively. These are presented as part of Finance costs and Finance income, respectively, under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21).

19. COSTS OF SALES AND SERVICES

These accounts are presented below and on the succeeding page.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost of services:				
Salaries and employee benefits	22.1	473,759	299,710	247,311
Outside services		75,790	42,962	47,685
Repairs and maintenance		25,181	10,557	10,207
Transportation and travel		18,773	13,428	5,567
Rent expense		16,085	11,665	5,347
Depreciation and amortization		13,068	12,635	14,184
Materials and supplies		9,608	9,522	8,099
Others		<u>27,910</u>	<u>10,744</u>	<u>8,151</u>
	20	<u>660,174</u>	<u>411,223</u>	<u>346,551</u>

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Cost of room services:				
Outside services	24	172,301	157,595	153,411
Depreciation and amortization		60,401	59,208	56,131
Utilities		53,756	54,584	57,933
Supplies		43,974	39,219	45,228
Repairs and maintenance		24,962	17,405	18,680
Laundry		17,164	17,094	18,216
Commission		11,885	13,627	23,916
Transportation		7,725	8,137	7,103
Others		36,028	33,272	29,994
	20	428,196	400,141	410,612
Cost of food and beverages sold:				
Outside services	24	105,692	98,676	91,946
Food and beverages sold		98,081	93,936	92,523
Depreciation and amortization		26,149	23,674	22,065
Utilities		23,144	21,825	22,775
Supplies		11,135	10,604	12,759
Laundry		3,226	3,255	3,074
Others		11,298	8,728	8,505
	20	278,725	260,698	253,647
Cost of rentals				
Taxes and licenses		78,484	61,242	61,737
Outside services		41,687	43,527	41,529
Depreciation and amortization		30,237	28,940	23,983
Dues and subscriptions		10,497	12,761	10,010
Repairs and maintenance		7,521	8,128	9,238
Others		5,665	8,546	7,850
	20	174,091	163,144	154,347
Cost of real estate sold:				
Real estate projects	8	41,167	374,029	203,978
Raw land inventory	9	1,280	-	189
	20	42,447	374,029	204,167

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

20. COSTS AND EXPENSES BY NATURE

The details of operating expenses presented by nature are as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Outside services	24	655,767	591,825	574,851
Salaries and employee benefits	22.1	611,475	479,050	410,947
Taxes and licenses		222,988	172,392	185,155
Depreciation and amortization	12, 13, 14	164,005	164,616	156,318
Food and beverages sold		98,081	93,936	92,523
Utilities		90,331	90,420	96,845
Repairs and maintenance		89,037	75,488	75,726
Supplies		80,252	77,413	85,374
Dues and subscriptions		43,061	29,199	27,382
Real estate projects sold	8	41,167	374,029	203,978
Travel and transportation		23,166	19,250	12,824
Laundry		20,390	20,348	21,290
Commissions		11,885	13,627	24,567
Advertising		11,071	14,090	12,764
Raw land inventory sold	9	1,280	-	189
Miscellaneous	12	113,510	96,010	77,712
		<u>2,277,466</u>	<u>2,311,693</u>	<u>2,058,445</u>

These expenses are classified in the consolidated statements of comprehensive income presented below:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost of services		660,174	411,223	346,551
Cost of room services		428,196	400,141	410,612
Cost of food and beverages sold		278,725	260,698	253,647
Cost of rentals		174,091	163,144	154,347
Cost of real estate sold		42,447	374,029	204,167
	19	1,583,633	1,609,235	1,369,324
Other operating expenses		693,833	702,458	689,121
		<u>2,277,466</u>	<u>2,311,693</u>	<u>2,058,445</u>

The Group's salaries and benefits pertain to short-term benefits, such as basic salaries and wages, bonuses and mandatory government contributions.

21. OTHER INCOME (CHARGES)

Presented below and on the succeeding page are the details of other income (charges).

21.1 Finance Costs

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>	<u>2023</u>
Interest expense on:				
Loans and borrowings	16	582,843	597,257	580,339
Accounts payable	17	328,269	20,522	36,052
Lease liabilities	18.2	5,801	8,858	10,898
Others		24,890	1,028	276
		941,803	627,665	627,565
Bank charges		79,848	68,057	74,782
Net interest expense on DBO and plan assets	22.2	2,949	1,253	-
		1,024,600	696,975	702,347

21.2 Finance Income

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>	<u>2023</u>
Interest income on:				
Deposits and short-term placements	6	58,427	40,887	46,810
Contract receivables	7.1	6,250	13,273	17,456
Finance lease receivables	18.2, 27.1	1,850	3,015	4,044
		66,527	57,175	68,310
Net interest income on DBO and plan assets	22.2	-	-	2,021
		66,527	57,175	70,331

21.3 Miscellaneous Income (Charges) – net

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>	<u>2023</u>
Impairment loss on non-financial assets	11.2, 12, 13	(95,066)	(220,569)	(577,915)
Gain on repossession	8	3,781	-	775
Donations and contributions		(1,831)	(13,095)	(118,539)
Gain on assignment of deposit on land for future development	10	-	130,265	-
Commission on sale of investment	5.3	-	(50,525)	-
Gain on insurance claim	13	-	253	-
Others	5, 7, 13, 18	9,870	5,191	8,555
		<u>(83,246)</u>	<u>(148,480)</u>	<u>(687,124)</u>

Others include gains or losses from sale and retirement of property and equipment, foreign exchange, and other miscellaneous income and expenses.

22. EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits Expense

The expense recognized for Salaries and employee benefits is analyzed below (see Note 20).

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits		572,872	468,988	404,876
Retirement benefits	22.2	38,603	10,062	6,071
	20	<u>611,475</u>	<u>479,050</u>	<u>410,947</u>

These are recognized in the consolidated financial statements presented below.

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost of services	19	473,759	299,710	247,311
Other operating expenses		137,716	179,340	163,636
	20	<u>611,475</u>	<u>479,050</u>	<u>410,947</u>

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 ranging from 100% to 150% of the monthly final pay for every year of credited service plus commutation of sick leave credits, if any. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the Plan. 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, 2025 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.

Only Bright Ventures and Tierra Verdosa are the subsidiaries with retirement plan while the remaining of the Group's subsidiaries do not have 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 (R.A.) 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 on the succeeding page are based on the actuarial valuation report obtained from an independent actuary in 2025, 2024 and 2023.

The following table shows a reconciliation of the net retirement benefit liability (asset) and its components:

	Present value of retirement benefit liability			Fair value of plan assets			Net retirement benefit liability (asset)		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
<i>(Amounts in PHP)</i>									
Balance at beginning of year	162,918	124,008	62,170	111,373	99,986	84,908	51,545	24,022	(22,738)
Recognized in profit or loss:									
Past service cost	19,498	-	-	-	-	-	19,498	-	-
Current service cost	19,105	10,062	6,071	-	-	-	19,105	10,062	6,071
Interest expense	10,365	7,601	4,601	-	-	-	10,365	7,601	4,601
Interest income	-	-	-	7,416	6,348	6,622	(7,416)	(6,348)	(6,622)
	48,968	17,663	10,672	7,416	6,348	6,622	41,552	11,315	4,050
Recognized in other comprehensive income:									
Remeasurements –									
Experience adjustments	5,120	23,357	37,889	-	-	-	5,120	23,357	37,889
Actuarial losses (gains) arising from:									
Changes in financial assumptions	(3,109)	407	8,637	-	-	-	(3,109)	407	8,637
Changes in demographic assumptions	2,790	5,318	4,640	-	-	-	2,790	5,318	4,640
Return on plan asset (excluding amounts included in net interest)	-	-	-	(2,400)	(2,101)	(5,715)	2,400	2,101	5,715
Effect of asset ceiling	-	-	-	-	-	5,024	-	-	(5,024)
	4,801	29,082	51,166	(2,400)	(2,101)	(691)	7,201	31,183	51,857
Others:									
Contributions	-	-	-	23,364	14,975	9,147	(23,364)	(14,975)	(9,147)
Benefits paid	(2,570)	(7,835)	-	(2,570)	(7,835)	-	-	-	-
	(2,570)	(7,835)	-	20,794	7,140	9,147	(23,364)	(14,975)	(9,147)
Balance at end of year	214,117	162,918	124,008	137,183	111,373	99,986	76,934	51,545	24,022

The current service cost amounting to P19,105, P10,062 and P6,071 in 2025, 2024 and 2023, respectively, is presented as part of Salaries and employee benefits under Other Operating Expenses in the consolidated statements of comprehensive income (see Notes 20 and 22.1).

The net interest expense of P2,949 and P1,253 in 2025 and 2024, respectively and net interest income amounting to P2,021 in 2023, is included in Finance costs and Finance income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Notes 21.1 and 21.2).

Amounts recognized in consolidated other comprehensive income were included within items that will not be reclassified to consolidated profit or loss.

The net retirement liability is presented as Retirement Benefit Liability – net in the consolidated statements of financial position.

The carrying amount of the Group’s retirement fund approximate fair values as of December 31, 2025 and 2024.

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:

	<u>2025</u>	<u>2024</u>
Marketable securities	66.0%	75.0%
Interest in pooled fund – fixed-income portfolio (FIP)	18.0%	22.0%
Others	16.0%	3.0%
	<u>100%</u>	<u>100%</u>

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 2.73% and 1.97% of FIP as of December 31, 2025 and 2024, 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 marketable securities 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 reported on the statement of changes in net assets available for benefits obtained from the PSE.

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 earn interest.

The plan assets earned a return of P5,016, P4,247 and P1,252 in 2025, 2024 and 2023, 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:

	<u>2025</u>	<u>2024</u>
Average discount rates	6.46%	6.09%
Average expected rates of salary increases	5.00%	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 22 years both in December 31, 2025 and 2024, respectively. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting periods 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 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 financial assets, equity and 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 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 on the succeeding page.

i. Sensitivity Analysis

The following table summarizes the average effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31, 2025 and 2024:

<i>(Amounts in PHP)</i>	Impact on Retirement Benefit Liability		
	Change in Assumption	Discount Rate	Salary Increase Rate
<u>December 31, 2025</u>			
Decrease in assumption	11.37%/-9.77%	5,492	(4,853)
Increase in assumption	-9.57%/11.43%	(4,761)	5,513
<u>December 31, 2024</u>			
Decrease in assumption	6.70%/-6.00%	10,921	(9,746)
Increase in assumption	-5.90%/6.70%	(9,566)	10,931

The 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 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, 2025 and 2024 is invested in marketable securities which consists of shares of stock of publicly-listed companies that are carried at fair value. The Group believes that these equity securities offer the best returns 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 P76,934 based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 20 years' time when a significant number of employees is expected to retire.

The Group's contribution to the plan amounts to P23,364 and P14,975 in 2025 and 2024, respectively.

The maturity profile of undiscounted expected benefits payments from the plan follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Within one year	54,224	51,966
More than one year to five years	88,570	63,259
More than five years	194,348	156,584
	<u>337,142</u>	<u>271,809</u>

The weighted average duration of the DBO at the end of the reporting period is eleven 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:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss:</i>			
Current tax expense	124,674	354,847	69,737
Deferred tax benefit	(3,779)	(32,162)	(172,821)
	<u>120,895</u>	<u>322,685</u>	<u>(103,084)</u>
<i>Reported in other comprehensive income –</i>			
Deferred tax benefit	<u>(675)</u>	<u>(823)</u>	<u>(6,397)</u>

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:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax on pretax profit	25.00%	25.00%	25.00%
Income subjected to lower income tax rates	(0.25%)	(6.80%)	(0.60%)
<i>Tax effects of:</i>			
Share in profit of associates	(23.76%)	(7.25%)	(72.78%)
Unrecognized deferred tax assets	8.68%	3.21%	18.72%
Nontaxable income	(1.77%)	(2.11%)	(5.86%)
Nondeductible expenses	0.84%	0.82%	4.04%
Expiration of excess MCIT	2.55%	0.14%	(0.07%)
Others	(0.17%)	(0.53%)	(0.74%)
	<u>11.12%</u>	<u>12.48%</u>	<u>(32.29%)</u>

The deferred tax assets and liabilities of the Group as of December 31 are presented below and on the succeeding page:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Allowance for impairment of receivables and advances	250,806	250,311
NOLCO	126,965	139,908
Unearned rentals	(100,971)	(109,480)
Unrealized fair value gain on investment properties	(88,458)	(88,458)
Finance lease liabilities	55,939	67,562
Unamortized capitalized interest	(49,966)	(50,514)
Right-of-use assets	(43,980)	(51,038)
MCIT	42,438	26,297
Fair value adjustment on repossessed inventories	(24,961)	(26,107)
Retirement benefits	24,472	19,425
<i>Balance carried forward</i>	<u>192,284</u>	<u>177,906</u>

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
<i>Balance brought forward</i>	<u>192,284</u>	<u>177,906</u>
Fair value gain on financial assets at FVOCI	(15,622)	(14,497)
Real estate sales	(4,338)	(8,105)
Finance lease receivables	(3,302)	(6,837)
Provision for loss on contingent liability	1,141	1,141
Unrealized foreign currency losses (gains) - net	(180)	1,251
Others	86,222	100,891
	<u>256,205</u>	<u>251,750</u>

The above amounts are reported in the consolidated statements of financial position as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Deferred tax assets	448,106	451,389
Deferred tax liabilities	(191,901)	(199,639)
	<u>256,205</u>	<u>251,750</u>

The components of net deferred tax benefit reported in the consolidated statements of comprehensive income are as follows:

<i>(Amounts in PHP)</i>	<u>Profit or loss</u>			<u>Other comprehensive income</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
MCIT	(16,141)	(10,887)	(1,628)	-	-	-
NOLCO	12,943	(23,869)	(77,232)	-	-	-
Lease liabilities	11,623	9,398	6,056	-	-	-
Unearned rentals	(8,509)	21,744	27,191	-	-	-
Right-of-use assets	(7,058)	(5,642)	(3,857)	-	-	-
Real estate sales	(3,767)	(3,396)	10,683	-	-	-
Finance lease receivables	(3,535)	(3,124)	(2,752)	-	-	-
Retirement benefit liability	(3,247)	1,099	1,794	(1,800)	(7,796)	(12,965)
Unrealized foreign currency losses (gain)	1,431	50	(110)	-	-	-
Fair value adjustment on repossessed inventories	(1,146)	(809)	530	-	-	-
Unamortized capitalized interest	(548)	(613)	(554)	-	-	-
Allowance for impairment of receivables and advances	(495)	(2,625)	(123,279)	-	-	-
Fair value gain on financial assets at FVOCI	-	-	-	1,125	6,973	6,568
Other expenses	14,670	(13,072)	(9,663)	-	-	-
Net Deferred Tax Expense (Benefit)	<u>(3,779)</u>	<u>(31,746)</u>	<u>(172,821)</u>	<u>(675)</u>	<u>(823)</u>	<u>(6,397)</u>

Net deferred tax assets of the Company 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, 2025, 2024 and 2023, most of the operating subsidiaries incurred MCIT as it exceeded their respective regular corporate income tax. MCIT is equivalent to 2% or 1.5% 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, except for the NOLCO incurred in 2021 and 2020 which can be claimed as deduction within five years, pursuant to Section 4 of RA No. 11494, *Bayanihan to Recover as One Act* (otherwise known as Bayanihan II) and as implemented through Revenue Regulations No. 25-2021.

Presented below are the details of the Group's NOLCO and MCIT.

Year Incurred/Paid	Carryforward Benefits Up To	Amounts in PHP	
		NOLCO	MCIT
2025	December 31, 2028	319,666	21,024
2024	December 31, 2027	213,421	15,056
2023	December 31, 2026	481,976	7,594
2021	December 31, 2026	103,509	-
		1,118,572	43,674

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:

<i>(Amounts in PHP)</i>	2025	2024
NOLCO	610,714	664,975
MCIT	1,236	873
	611,950	665,848

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 on the succeeding page. Related parties under common control are subsidiaries and associates of SMC through direct or indirect equity ownership.

Presented below are the transactions with related parties.

<i>(Amounts in PHP)</i>								
Related Parties	Notes	Year	Revenue From Related Parties (a)	Purchases From Related Parties (b)	Amounts Owed by Related Parties (c)	Amounts Owed to Related Parties (d)	Terms	Conditions
Intermediate Parent Company	7, 17	2025	140,838	89,654	19,436	68,905	On demand or 30 days from the date of billing and noninterest-bearing	Partially-secured by advance rentals and security deposits, and unsecured
		2024	155,610	76,612	16,394	3,258,245		
		2023	143,609	79,638	15,154	104,777		
	25.2	2025	-	-	-	-	Upon issuance of shares	To be used only as payment for future issuance of shares
		2024	-	-	-	2,540,296		
		2023	-	-	-	748,126		
Under Common Control	4, 7, 8, 17	2025	1,700,292	582,371	1,087,421	351,239	On demand and 30 days from the date of billing and within one year and noninterest-bearing; payable in quarterly and annual installments, interest bearing	Partially-secured by advance rentals and security deposits, and unsecured
		2024	1,247,353	215,834	740,449	5,506,486		
		2023	1,225,950	561,142	627,908	9,493,139		
Associates	21.2	2025	250,115	-	940,215	2,197	On demand; Interest-bearing	Partially-secured by advance rentals and security deposits, and unsecured
		2024	145,526	-	468,842	46		
		2023	2,148	-	313,178	-		
		2025	<u>2,091,245</u>	<u>672,025</u>	<u>2,047,072</u>	<u>422,341</u>		
		2024	<u>1,548,489</u>	<u>292,446</u>	<u>1,225,685</u>	<u>11,305,073</u>		
		2023	<u>1,371,707</u>	<u>640,780</u>	<u>956,240</u>	<u>10,346,042</u>		

- (a) Revenue from related parties consist of real estate sales, rental 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, implementation of computer software, and purchase of raw land inventory and additional subsidiaries and interest expense on accounts payable.
- (c) Amounts owed by related parties consist of contract receivables, rental receivables, due from related parties, and cash 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. Deposits from SMC pertain to payments made for future stock subscription amounting to P2,540,296 and 748,126 in 2024 and 2023, respectively. There was no similar transaction in 2025 (see Note 25.2).

- (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 fair value of the Group's retirement plan assets totaled P137,183 and P111,373 as of December 31, 2025 and 2024, respectively. The Group's plan assets includes shares of stock and debt securities issued by public entities within the SMC Group which accounts for 0.88% and 1.14% of the FIP and 0% of the STP as of December 31, 2025 and 2024. 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:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	67,109	59,287	46,787
Post-employment benefit	6,850	4,819	1,740
	<u>73,959</u>	<u>64,106</u>	<u>48,527</u>

25. EQUITY

25.1 Capital Stock

The Group's capital stock consists of:

<i>(Amounts in PHP, except share date)</i>	<u>Shares</u>		<u>Amounts</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Capital stock – P10 par value				
Authorized	1,500,000,000	1,500,000,000	15,000,000	15,000,000
Increase in ACS				
June 17, 2025	200,000,000	-	2,000,000	-
October 9, 2025	360,000,000	-	3,600,000	-
Balance at end of year	<u>2,060,000,000</u>	<u>1,500,000,000</u>	<u>20,600,000</u>	<u>15,000,000</u>
Issued and subscribed:				
Balance at beginning of year	1,500,000,000	1,500,000,000	15,000,000	15,000,000
Issued during the year	358,489,798	-	3,584,898	-
Balance at end of year	<u>1,858,489,798</u>	<u>1,500,000,000</u>	<u>18,584,898</u>	<u>15,000,000</u>
Issued and subscribed – net of subscription receivables	1,858,489,798	1,500,000,000	18,584,898	15,000,000
Treasury stock – at cost	(315,771)	(315,771)	(9,515)	(9,515)
Total issued and outstanding	<u>1,858,174,027</u>	<u>1,499,684,229</u>	<u>18,575,383</u>	<u>14,990,485</u>
Additional paid-in capital:				
Balance at beginning of year			14,413,081	14,413,081
Issuance of shares during the year			3,584,898	-
Share issue cost			(31,477)	-
Balance at end of year			<u>17,966,502</u>	<u>14,413,081</u>

On January 30, 1998, the Company 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 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.

In 2023 and 2022, SMC, on separate occasions, subscribed to additional shares in the Parent Company from the unsubscribed portion of existing authorized capital stock. This subscription consequently resulted to yearly total additions to Capital Stock and Additional Paid-in Capital accounts. Total costs amounting to P12,944 and P24,038 in 2023 and 2022, respectively, which are directly attributable to the issuance of shares were deducted from the Additional Paid-In capital account. The subscription receivable amounting to P357,900 remains uncollected as of December 31, 2022 and was fully collected in 2023. There was no similar transaction in 2024.

On June 17, 2025 and October 9, 2025, the SEC approved the Company's application to increase its authorized capital stock from 1,500,000,000 shares to 1,700,000,000 and 2,060,000,000, respectively. Subsequently, on different occasions, SMC subscribe to additional shares in the Parent Company from the unsubscribed portion of the increased authorized capital stock. This subscription resulted to additions to Capital Stock and Additional Paid-in Capital accounts. Total costs amounting to P31,477, which are directly attributable to the issuance of shares were deducted from the Additional Paid-In capital account. The subscription was fully paid as of December 31, 2025.

The Company has more than 200 stockholders holding shares of the Company's capital stock as of December 31, 2025 and 2024. The Company is still qualified to be a public corporation based on its quasi-public registration with the SEC.

As of December 31, 2025 and 2024, the Group has 75 stockholders owning 100 or more shares each of the Group's capital stock.

25.2 Deposit for Future Stock Subscription

In 2023, the Company received funds from SMC amounting to P748,126 and is recognized as a liability in the 2023 consolidated statement of financial position.

On March 4, 2024, the BOD approved, ratified and confirmed the increase in authorized capital stock of the Parent Company from P15,000,000 to P17,000,000 divided into 1,700,000,000 shares of stocks with par value of P10. During the year, a series of additional investments from SMC were received amounting to P1,792,170. On August 12, 2024, the Parent Company filed an application for the increase in authorized capital stock. As a result, the Deposit For Future Stock Subscription amounting to P2,540,296 was presented under the equity section in the 2024 statement of financial position. On July 17, 2025, the SEC approved the application for increase in authorized capital stock and the Deposit For Future Stock Subscription was reclassified to Capital Stock and Additional Paid-in Capital accounts in the 2025 statement of financial position (see Note 32).

25.3 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, 2025 and 2024, and the accumulated share in profit of associates amounting to P5,756,860 and P4,762,466 for the years then ended December 31, 2025 and 2024, respectively (see Note 11.1).

On December 16, 2024, the BOD approved the declaration of cash dividends of P2.67 per common share on the outstanding capital stock of the Parent Company of 1,499,684,229 shares or equivalent to P4,004,157 payable on or before December 31, 2025. As at December 31, 2024, the outstanding dividend payable of P3,154,310 is presented as Dividend Payable in the current liabilities section of the 2024 statement of financial position. In 2025, the Company settled P3,154,139 of this balance and the remaining P171 was presented as part of Others under Trade and Other Payables in the 2025 statement of financial position (see Note 17). There were no dividends declared in 2025 and 2023.

25.4 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.

On May 8, 2023, the Company's BOD reversed the appropriation amounting to P4,500,000 as the purpose of such appropriations were currently on hold. Also on the same date, the Company's BOD approved the appropriation of P4,500,000 of the Company's unrestricted retained earnings for the development of Bugsuk Projects which are expected to be completed within the next fifteen years from appropriation. However, such appropriation was subsequently reversed during the November 6, 2024 Board meeting due to material changes in project timeline and funding requirements.

25.5 Other Reserves

In 2010, GSIS exercised the put option which gave the Group 100% equity ownership interest in SMPI Flagship.

In 2018 and 2016, the Group acquired interests in Integrated Geosolution and ZEE2 Resources for a total consideration amounting to P229,500 and P290,700, respectively.

Also in 2022, the Group acquired the remaining 31.7% NCI in Integrated Geosolutions, Inc. for a total consideration of P1,050,040.

The Group also increased its ownership interest in the subsidiaries acquired through asset acquisition in 2025 from 94% to 100% P300,000.

In 2024, the Group acquired the remaining noncontrolling interest of E-fare Investment Holdings, Inc. for a total consideration of P619.

Such changes in ownership interest did not result to obtaining or losing control, hence, the differences between consideration or exercise price of the put option paid by the Group and corresponding additional shares in the net assets acquired by the Group as of December 31, 2025 and 2024 amounted to P25,619 and P1, respectively, is recognized as Other Reserves under the Equity section of consolidated statements of financial position (see Note 5.2).

26. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net profit attributable to owners of the Company for the year	967,512	2,264,477	424,457
Divided by weighted average number of outstanding common shares <i>(in thousands)</i>	<u>1,610,583</u>	<u>1,492,890</u>	<u>1,399,523</u>
Earnings per share – basic and diluted	<u>0.60</u>	<u>1.52</u>	<u>0.30</u>

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of December 31, 2025, 2024 and 2023.

27. COMMITMENTS AND CONTINGENCIES

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

27.1 Lease Commitments – Group as Lessor

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. If the expected growth does not meet management's expectations, or in the case of office and commercial properties, more stringent health measures are imposed resulting to further temporary or permanent reductions or closures of their establishments, the Group may not be able to lease their properties in a timely manner, collect rent at profitable rates, or even offer lease concessions.

To mitigate these risks, tenants pay security deposits and advance rent equal to two to three months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rentals are presented as Advance Rentals and Deposit in the consolidated statements of financial position (see Note 24).

(a) *Finance Lease*

The Group has several long-term subleases which met the requirements to be recognized as a finance lease. Future minimum lease payments receivable (MLPR) under these leases together with the present value (PV) of net minimum lease payments receivable (NMLPR) are presented below.

<i>(Amounts in PHP)</i>	2025		2024	
	Future MLPR	PV of NMLPR	Future MLPR	PV of NMLPR
Within one year	13,752	13,209	15,988	14,138
After one year but not more than two years	-	-	13,752	13,209
Total MLP	13,752	13,209	29,740	27,347
Amounts representing finance charges	(543)	-	(2,393)	-
Present value of MLPR	13,209	13,209	27,347	27,347

The net investment relating to this finance lease is presented as Finance lease receivables under Receivables in the consolidated statements of financial position (see Note 7). In 2025, 2024, and 2023, interest income recognized on the net investment in finance leases amounting to P1,850, P3,015, and P4,044 respectively, is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 21.2).

(b) *Operating Leases*

The Group is a lessor under operating leases covering certain real estate properties. The leases have terms ranging from 1 to 25 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.

<i>(Amounts in PHP)</i>	2025	2024
Within one year	1,461,749	1,248,901
After one year but not more than five years	4,562,110	1,181,295
After five years but not more than ten years	5,296,318	1,410,777
More than ten years	16,225,242	3,581,273
	27,545,419	7,422,246

The total rentals from these operating leases amounted to P699,753, P752,759, and P725,512 in 2025, 2024 and 2023, respectively, and presented as part of Rental Income in the consolidated statements of comprehensive income.

27.2 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 part of 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.

27.3 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, 2025 and 2024, 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 on 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, 2025 and 2024. 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 presented on the below illustrates the sensitivity of consolidated profit before tax for the years in regard 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 99% level of confidence. The sensitivity analysis below is based on the Group's financial instruments held at end of the reporting periods.

	2025		2024		2023	
	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
(Amounts in PHP)						
Profit before tax:						
Net increase	+2.23%	(274,683)	+2.32%	(258,186)	+3.68%	(440,874)
Net decrease	-2.23%	274,683	-2.32%	258,186	-3.68%	440,874

(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 effect of sensitivity to 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 consolidated financial statements), as shown below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	6	2,574,402	1,023,555
Receivables – net (excluding advances to contractors)	7	1,347,227	1,602,740
		<u>3,921,629</u>	<u>2,626,295</u>

(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 and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1,000 for every depositor per banking institution, effective March 15, 2025.

(b) *Receivables and Contract Assets*

The Group applies the 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.

<i>(Amounts in PHP)</i>	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>	<u>Financial Effect Of Collaterals</u>
<u>2025</u>				
Contract receivables	<u>627,775</u>	<u>1,105,416</u>	<u>-</u>	<u>627,775</u>
<u>2024</u>				
Contract receivables	<u>534,513</u>	<u>982,889</u>	<u>-</u>	<u>534,513</u>

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 has identified individually significant items on Receivables which require 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, 2025 and 2024 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
<i>(Amounts in PHP)</i>				
<u>December 31, 2025</u>				
Loans and borrowings	9,744,571	-	-	-
Trade and other payables	1,684,541	117,456	32,249	-
Due to related parties	33,357	-	-	-
Rental deposits	88,999	13,085	18,820	273
	<u>11,551,468</u>	<u>130,541</u>	<u>51,069</u>	<u>273</u>
<u>December 31, 2024</u>				
Loans and borrowings	10,265,957	-	-	-
Trade and other payables	4,612,220	149,424	3,506,071	-
Dividends payable	-	3,154,310	-	-
Due to related parties	33,357	-	-	-
Rental deposits	49,629	48,488	18,871	300
	<u>14,961,163</u>	<u>3,352,222</u>	<u>3,524,942</u>	<u>300</u>

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.

(Amounts in PHP)	Notes	2025		2024	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets:					
Financial assets at amortized cost:					
Cash and cash equivalents	6	2,574,402	2,574,402	1,023,555	1,023,555
Receivables – net (excluding advances to contractors)	7	1,347,227	1,347,227	1,602,740	1,602,740
Financial asset at fair value – Financial assets at FVOCI	15.2	86,154	86,154	81,654	81,654
		4,007,783	4,007,783	2,707,949	2,707,949
Financial Liabilities –					
Financial liabilities at amortized cost:					
Loans and borrowings	16	9,683,600	9,683,600	10,173,600	10,173,600
Trade and other payables	17	1,861,019	1,861,019	7,119,020	6,958,383
Lease liabilities	18	48,462	57,310	85,688	99,695
Due to related parties	24	33,357	33,357	33,357	33,357
Rental deposits	24	121,177	121,177	117,288	117,288
		11,747,615	11,756,463	17,528,953	17,382,323

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 2025 and 2024 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 Accounting Standards, 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, 2025 and 2024 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 techniques, 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.

The Group recognized a change in the fair value of these financial assets, resulting in an unrealized gain of P4,500, P27,891 and P26,273 in 2025, 2024 and 2023, respectively. Any changes in fair value is presented as Fair Value Gains on Financial Assets at Fair Value through Other Comprehensive Income in the consolidated statements of comprehensive income and the accumulated changes is presented as Accumulated Fair Value Losses in the Equity section of the consolidated statements of financial position.

The Group has no financial liabilities measured at fair value as of December 31, 2025 and 2024.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in 2025 and 2024.

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 2025 and 2024.

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 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 losses, cumulative translation adjustment and reserve for retirement plan). Capital for the reporting periods as of December 31 under review is summarized below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total liabilities	12,375,711	21,179,777	21,892,520
Total equity	44,674,162	39,134,246	38,336,442
Debt-to-equity ratio	0.28:1.00	0.54:1.00	0.57:1.00

The Group, except for BankCom 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 on the succeeding page is the supplemental information on noncash investing activities relative to the consolidated statements of cash flows of the Group.

<i>(Amounts in PHP)</i>		<u>2025</u>	<u>2024</u>	<u>2023</u>
Nature of Transactions	Notes			
(a) Reclassification of deposits for future stock subscription to capital stock and additional paid-in capital	25	2,540,296	-	-
(b) Reclassification of deposit on future land development to investment properties	10, 12	75,549	67,467	38,510
(c) Depreciation expense capitalized as property and equipment	13	21,480	21,704	21,569
(d) Reclassification of deposit on land for future development to raw land inventory	9, 10	15,341	-	16
(e) Additional lease liabilities	13, 18	9,871	4,166	39,533
(f) Reclassification of materials and supplies to property and equipment	13, 20	7,805	11,598	-
(g) Accretion of interest	18.2	5,801	8,858	10,898
(h) Advances to contractors capitalized as property and equipment	13	3,232	22,567	4,701
(i) Reclassification of deposit on land for future development to payable	10	2,631	-	-

(Amounts in PHP)

Nature of Transactions	Notes	2025	2024	2023
(j) Advances to contractors capitalized as investment properties	12	2,592	12,718	82,965
(k) Reclassification of real estate projects to expense account	8	996	-	-
(l) Reclassification of property and equipment to payable	13, 17	460	20,414	-
(m) Reclassification of dividend payable to trade and other payable		171	-	-
(n) Reclassification of other assets to intangibles	14	19	-	-
(o) Retirement of property and equipment		14	72	-
(p) Reclassification of certain raw land inventory to investment properties	9, 12	3	312	2,907
(q) Reclassification of deposit for future stock subscription from liability to equity	25	-	748,126	-
(r) Reclassification of investment property to real estate project	8, 12	-	148,575	1,772
(s) Reclassification of trade payable to investment properties	12, 17	-	8,738	-
(t) Reclassification of raw land inventory to real estate projects	8, 9	-	6,974	-
(u) Reclassification of investment property to property and equipment	12, 13	-	2,625	-
(v) Reclassification of investment properties to operating expenses	12, 20	-	54	-
(w) Reclassification of property and equipment to investment property	12, 13	-	-	430,991
(x) Reclassification of investment property to raw land inventory	9, 12	-	-	186,302
(y) Reclassification of deposit on future land development to real estate project	8, 10	-	-	70,682
(z) Reclassification of property and equipment to materials and supplies	13, 20	-	-	15,093
(aa) Reclassification of prepayments to property and equipment	13, 15	-	-	7,886
(ab) Reclassification of other assets to investment properties	12, 15	-	-	1,453
(ac) Reclassification of investment properties to trade payable	12, 17	-	-	1,072
(ad) Reclassification of prepayments to equity advances	11	-	-	920
(ae) Reclassification of capital projects-in-progress to intangible assets	14	-	-	228

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 2025, 2024 and 2023, which includes both cash and non-cash changes.

<i>(Amounts in PHP)</i>	Loans and Borrowings <i>(see Note 16)</i>	Accrued Interest Payable <i>(see Notes 16 and 17)</i>	Due to Related Parties <i>(see Note 24)</i>	Lease Liabilities <i>(see Note 18)</i>	Total
Balance as at January 1, 2025	10,173,600	166,221	33,357	85,688	10,458,866
Cash flows from financing activities:					
Additional loans and borrowings	77,994,700	-	-	-	77,994,700
Repayment of loans and borrowings	(78,484,700)	-	-	-	(78,484,700)
Repayment of lease liabilities	-	-	-	(45,365)	(45,365)
Interests paid	-	(1,155,297)	-	(5,801)	(1,161,098)
Non-cash financing activities:					
Recognition of lease liabilities	-	-	-	9,871	9,871
Effect of lease modifications	-	-	-	(1,732)	(1,732)
Accretion of interest	-	1,015,850	-	5,801	1,021,651
Balance as at December 31, 2025	9,683,600	26,774	33,357	48,462	9,792,193
Balance as at January 1, 2024	10,896,400	174,392	33,357	122,710	11,226,859
Cash flows from financing activities:					
Additional loans and borrowings	74,532,900	-	-	-	74,532,900
Repayment of loans and borrowings	(75,255,700)	-	-	-	(75,255,700)
Repayment of lease liabilities	-	-	-	(41,188)	(41,188)
Interests paid	-	(867,697)	-	(8,858)	(876,555)
Non-cash financing activities:					
Recognition of lease liabilities	-	-	-	4,166	4,166
Accretion of interest	-	859,526	-	8,858	868,384
Balance as at December 31, 2024	10,173,600	166,221	33,357	85,688	10,458,866
Balance as at January 1, 2023	11,475,900	167,449	33,357	114,955	11,791,661
Cash flows from financing activities:					
Additional loans and borrowings	89,350,400	-	-	-	89,350,400
Repayment of loans and borrowings	(89,929,900)	-	-	-	(89,929,900)
Repayment of lease liabilities	-	-	-	(30,448)	(30,448)
Interests paid	-	(831,489)	-	(10,898)	(842,387)
Non-cash financing activities:					
Recognition of lease liabilities	-	-	-	38,203	38,203
Accretion of interest	-	838,432	-	10,898	849,330
Balance as at December 31, 2023	10,896,400	174,392	33,357	122,710	11,226,859

34. EVENTS AFTER THE REPORTING PERIOD

On March 3, 2026, the BOD approved the reclassification of 150,000,000 unissued authorized common shares with P10 par value per share into unissued authorized preferred shares at P10 par value per share, aggregating P1,500,000 in authorized preferred shares. The reclassification is scheduled for approval and ratification by the stockholders during the Annual Stockholders' Meeting on May 13, 2026.

As of the issuance date of the Group's consolidated financial statements, the Group has yet to file the reclassification with the SEC. The reclassification does not affect issued and outstanding capital stock, paid-in capital, earnings per share, or total equity until the corresponding amendment to the Articles of Incorporation is filed with and approved by the SEC.



P&A
Grant Thornton

**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 2288

**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, 2025, on which we have rendered our report dated March 3, 2026. 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 (PFRS Accounting 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: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 10770769, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until financial period 2025)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-037-2025 (until August 6, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

March 3, 2026

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
December 31, 2025

<u>Schedule</u>	<u>Content</u>	<u>Page No</u>
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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, 2025

(Amounts in Thousand Philippine Pesos)

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds or notes</i>	<i>Amount shown on the balance sheet</i>	<i>Valued based on the market quotation at balance sheet date</i>	<i>Income received and accrued</i>
Riviera Golf Shares	26	P 57,300	P 57,300	P -
Riviera Country Club	48	1,344	1,344	-
Sta. Elena Golf	1	21,500	21,500	-
Mimosa Golf	4	1,600	1,600	-
Meralco	91,011	910	910	-
Apo Golf	1	650	650	-
Tagaytay Midlands	1	2,500	2,500	-
Metroclub	1	350	350	-
Italian Country Club	89	-	-	-
	<u>91,182</u>	<u>P 86,154</u>	<u>P 86,154</u>	<u>P -</u>

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, 2025

(Amounts in Thousand Philippine Pesos)

<i>Name and designation of debtor</i>	<i>Balance at beginning of period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at end of period</i>
			<i>Amounts collected</i>	<i>Amounts written off</i>	<i>Current</i>	<i>Not current</i>	

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, 2025
(Amounts in Thousand Philippine Pesos)

Name and designation of debtor	Balance at the beginning of the period	Additions	Deductions		Ending Balance		Balance at the end of the period
			Amounts Collected	Amounts written off	Current	Non Current	
Advances to Subsidiaries:							
512 Acacia Holdings Corporation	P 31,199	P -	P -	P -	P 31,199	P -	P 31,199
Agricultural Investors, Inc	773	173	-	-	946	-	946
Apice Solare Resources Corp.	6,574	-	-	-	6,574	-	6,574
Auburnrite Holdings, Inc.	517,364	-	-	-	517,364	-	517,364
Bricktree Properties, Inc.	46,390	-	(7,660)	-	38,730	-	38,730
Bright Ventures Realty, Inc.	1	1,158	(1,159)	-	-	-	-
Brillar Realty And Development Corporation	11,333	-	-	-	11,333	-	11,333
Bulalacao Property Holdings Inc.	4,155	64	-	-	4,219	-	4,219
Busuanga Bay Holdings, Inc.	8,991	70	-	-	9,061	-	9,061
Calamian Prime Holdings, Inc.	3,276	64	-	-	3,340	-	3,340
Carnell Realty, Inc.	98,417	-	(20,000)	-	78,417	-	78,417
Casa Sabroso Holdings Inc.	-	-	-	-	-	-	-
Caticlanscapes Realty Development Inc.	8,922	64	(64)	-	8,922	-	8,922
Cliffside Rock Realty, Inc.	-	3	(3)	-	-	-	-
Coron Islands Holdings, Inc.	15,622	32	-	-	15,654	-	15,654
Dimanyan Wakes Holdings, Inc.	6,984	68	-	-	7,052	-	7,052
Dor Adab Realty Development Inc.	953	3	(3)	-	953	-	953
E- Fare Investment Holdings, Inc.	-	301	(301)	-	-	-	-
El Montañas Realty Corp	33,606	-	-	-	33,606	-	33,606
Escalle Property Holdings Inc.	-	4,228	(6)	-	4,222	-	4,222
Excel Unified Land Resources Corporation	-	33	(33)	-	-	-	-
First Hq-Ayala Business Center, Inc.	-	-	-	-	-	-	-
First Monte Sierra Realty Corporation	64,015	-	-	-	64,015	-	64,015
Grandioso Realty Corporation	121,825	-	-	-	121,825	-	121,825
Habagat Realty Development Incorporated	682	183	-	-	865	-	865
<i>Balance carried forward</i>	P 981,082	P 6,444	(P 29,229)	P -	P 958,297	P -	P 958,297

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, 2025
(Amounts in Thousand Philippine Pesos)

<i>Name and designation of debtor</i>	<i>Balance at the beginning of the period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at the end of the period</i>
			<i>Amounts Collected</i>	<i>Amounts written off</i>	<i>Current</i>	<i>Non Current</i>	
Advances to Subsidiaries:							
<i>Balance brought forward</i>	P 981,082	P 6,444	(P 29,229)	P -	P 958,297	P -	P 958,297
High Garden Land Resources Inc	-	3	(3)	-	-	-	-
Hq Business Center Phils., Inc	-	-	-	-	-	-	-
Integrated Geosolutions Inc	93,487	17,572	(5)	-	111,054	-	111,054
Kingsborough Realty Inc.	12,140	-	-	-	12,140	-	12,140
Labayug Air Terminals Incorporated	2,225	677	-	-	2,902	-	2,902
La Belle Plume Realty Inc.	3,025	246	(990)	-	2,281	-	2,281
La Verduras Realty Corp	99,160	8	(9,008)	-	90,160	-	90,160
Lanes & Bi-Ways Realty Corp	1,003,586	1,120	(36,401)	-	968,305	-	968,305
Maison 17 Properties, Inc.	-	2,719	(23)	-	2,696	-	2,696
Malay-Nabas Realty Development, Inc.	-	3	(3)	-	-	-	-
Max Harvest Holdings Inc.	1,105	-	-	-	1,105	-	1,105
Moonspring Development, Inc.	5,074	252	(1,352)	-	3,974	-	3,974
Nine Pillars Holdings Inc.	-	3,985	(6)	-	3,979	-	3,979
Newsclapes Haven Development, Inc.	11,062	3	(641)	-	10,424	-	10,424
Ocean-side Maritime Enterprises, Inc	514	129	-	-	643	-	643
Ondarre Holdings Corporation	81,072	17,698	-	-	98,770	-	98,770
One Wilson Cayenne Holdings, Inc.	5,573	-	-	-	5,573	-	5,573
Palawan White Sands Holding Corporation	2,403	62	-	-	2,465	-	2,465
Picanto De Alta Realty Corp	182,375	-	-	-	182,375	-	182,375
Premiata Realty Inc.	24,404	-	-	-	24,404	-	24,404
Promesa Land Resources, Inc.	8,527	-	-	-	8,527	-	8,527
Pura Electric Co. Inc	486	115	-	-	601	-	601
Punong Bayang Housing Development Corporation	469	119	(3)	-	585	-	585
Quick Silver Development Corporation	2,760	-	-	-	2,760	-	2,760
<i>Balance carried forward</i>	P 2,520,529	P 51,155	(P 77,664)	P -	P 2,494,020	P -	P 2,494,020

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, 2025
(Amounts in Thousand Philippine Pesos)

Name and designation of debtor	Balance at the beginning of the period	Additions	Deductions		Ending Balance		Balance at the end of the period
			Amounts Collected	Amounts written off	Current	Non Current	
Advances to Subsidiaries:							
<i>Balance brought forward</i>	P 2,520,529	P 51,155	(P 77,664)	P -	P 2,494,020	P -	P 2,494,020
Rockside Holdings Inc.	-	3,985	(6)	-	3,979	-	3,979
Roca Pesada Realty Corporation	13,955	-	-	-	13,955	-	13,955
San Miguel Properties Inc.	11,928	1,646	(11,992)	-	1,582	-	1,582
Silang Resources, Inc.	-	21,194	(5,500)	-	15,694	-	15,694
SMC Originals, Inc.	118,519	-	-	-	118,519	-	118,519
Smpi Makati Flagship Realty Corp.	1,401	17,935	(17,855)	-	1,481	-	1,481
Soracil Prime Inc.	1,200	549	-	-	1,749	-	1,749
Spade One Resorts Corporation	681	176	-	-	857	-	857
Sta. Cruz Resource Management, Inc.	21,950	-	-	-	21,950	-	21,950
Sunset Shore Holdings Inc.	-	3,984	(6)	-	3,978	-	3,978
Tanauan Resources, Inc.	98,315	-	-	-	98,315	-	98,315
Tidalview Holdings Inc.	-	3,985	(6)	-	3,979	-	3,979
Tierra Castellanas Development, Inc.	3,689	-	-	-	3,689	-	3,689
Tierra Verdosa Services Corp	99,835	92,611	(28,347)	-	164,099	-	164,099
Unexplored Land Developers, Inc	556	142	-	-	698	-	698
Uno Clarity Investment Holdings, Inc.	7,101	40	(763)	-	6,378	-	6,378
Zee2 Resources Inc.	39,854	-	-	-	39,854	-	39,854
Zobel Polo Club Inc.	29,421	5	-	-	29,426	-	29,426
	P 2,968,934	P 197,407	(P 142,139)	P -	P 3,024,202	P -	P 3,024,202

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule D - Intangible Assets - Other Assets
December 31, 2025
(Amounts in Thousand Philippine Pesos)

Description	Beginning balance	Additions at cost	Deduction			Ending balance
			Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	
Goodwill	P 27,462	P -	P -	P -	P -	P 27,462
Trademarks and Other Intangibles						
Cost:						
Software licenses	P 59,026	P 3,631	P -	P -	(P 4,915)	P 57,742
Land use rights	164,213	-	-	-	-	164,213
	<u>P 223,239</u>	<u>P 3,631</u>	<u>P -</u>	<u>P -</u>	<u>(P 4,915)</u>	<u>P 221,955</u>
Accumulated Amortization and Impairment Losses:						
Software licenses	(P 50,838)	(P 5,964)	P -	P -	P 4,915	(P 51,887)
Land use rights	(1,106)	-	-	-	-	(1,106)
	<u>(P 51,944)</u>	<u>(P 5,964)</u>	<u>P -</u>	<u>P -</u>	<u>P 4,915</u>	<u>(P 52,993)</u>
Net Book Value	<u>P 198,757</u>	<u>(P 2,333)</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 196,424</u>

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule E - Long-Term Debt
December 31, 2025
(Amounts in Thousand Philippine Pesos)

<i>Title of issue and type of obligation</i>	<i>Amount authorized by indenture</i>	<i>Amount shown under caption "Current portion of long-term debt" in related balance sheet</i>	<i>Amount shown under caption "Long-Term Debt" in related balance sheet</i>
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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, 2025
(Amounts in Thousand Philippine Pesos)

<i>Name and designation of debtor</i>	<i>Balance at beginning of period</i>		<i>Balance at end of period</i>	
San Miguel Corporation	P	33,357	P	33,357
San Miguel Global Power Holdings, Corp.		1,932,350		-
Multi-Ventures Investment Holdings, Inc.		3,194,443		-
	P	5,160,150	P	33,357

* The above are presented as Due to Related Parties, Trade and Other Payables and Other Non-Current Liabilities

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, 2025
(Amounts in Thousand Philippine Pesos)

<i>Name of issuing entity of securities guaranteed by the company for which this statement is filed</i>	<i>Title of issue of each class of securities guaranteed</i>	<i>Total amount guaranteed an outstanding</i>	<i>Amount owned by person for which statement is filed</i>	<i>Nature of guarantee</i>
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NOT APPLICABLE

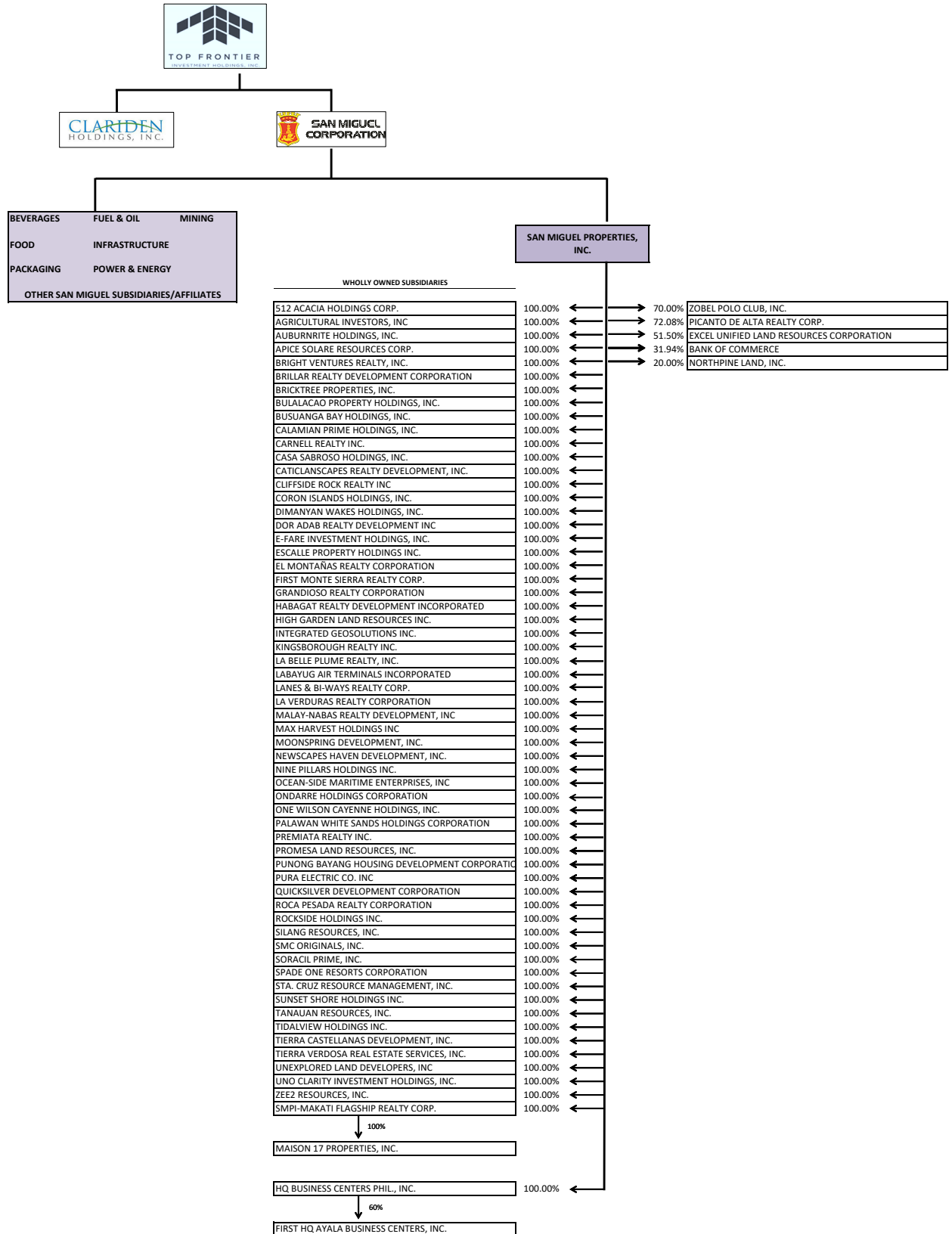
SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
 SEC Released Amended SRC Rule 68
 Annex 68-E
 Schedule H - Capital Stock
 December 31, 2025
(Amounts in Thousand Philippine Pesos)

<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related balance sheet caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P10 par value	2,060,000,000	1,858,174,027	-	1,857,816,017	-	358,010

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, 2025
(Amounts in Philippine Pesos)

Unappropriated Retained Earnings at Beginning of Year		P	3,510,341,564
Add: Items that are directly credited to Unappropriated Retained Earnings			
Reversal of Retained Earning Appropriation/s	P	-	
Effect of restatements or prior-period adjustments		-	
Others		-	-
Less: Items that are directly debited to Unappropriated Retained Earnings			
Dividend declaration during the reporting period		-	
Retained Earnings appropriated during the reporting period		-	
Effect of restatements or prior-period adjustments		-	
Others		-	-
Unappropriated Retained Earnings at Beginning of Year, as adjusted			<u>3,510,341,564</u>
Add/Less: Net Income (Loss) for the Current Year			196,612,210
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)			
Equity in net income of associate/joint venture, net of dividends declared		-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		-	
Unrealized fair value gain of investment property		-	
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS		-	
Sub-total			-
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)			
Realized foreign exchange gain, except those attributable to cash and cash equivalents		-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL		-	
Realized fair value gain of investment property		-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		-	
Sub-total			-
Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)			
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents		-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at FVTPL		-	
Reversal of previously recorded fair value gain of investment property		-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded		-	
Sub-total			-
Adjusted Net Income/Loss			<u>196,612,210</u>
<i>Balance brought forward</i>		P	<u>196,612,210</u>

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, 2025



SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2025, 2024, and 2023
(Amounts in Thousand Philippine Pesos)

Ratio	Formula	Ratio					
		2025		2024		2023	
Current ratio	Total current assets	10,848,135	0.89	15,228,420	0.81	15,017,324	0.96
	Total current liabilities	12,246,917		18,699,919		15,651,904	
Acid test ratio	Quick assets	3,320,665	0.27	2,056,191	0.11	1,676,884	0.11
	Total current liabilities	12,246,917		18,699,919		15,651,904	
Solvency ratio	Total liabilities	12,567,612	0.22	21,379,416	0.35	22,068,621	0.37
	Total assets	57,181,036		60,567,863		60,461,579	
Debt-to-equity ratio	Total liabilities	12,567,612	0.28	21,379,416	0.55	22,068,621	0.57
	Total equity	44,613,424		39,188,447		38,392,958	
Assets-to-equity ratio	Total assets	57,181,036	1.28	60,567,863	1.55	60,461,579	1.57
	Total equity	44,613,424		39,188,447		38,392,958	
Interest rate coverage ratio	Earnings before interest and taxes	2,032,370	2.15	3,214,046	5.11	946,770	1.51
	Interest expense	944,752		628,918		627,565	
Return on equity	Net profit	966,723	2.31%	2,262,443	5.83%	422,289	1.15%
	Average total equity	41,900,936		38,790,702		36,721,472	
Return on assets	Net profit	966,723	1.64%	2,262,443	3.74%	422,289	0.71%
	Average total assets	58,874,450		60,514,721		59,811,737	
Net profit margin	Net profit	966,723	28.66%	2,262,443	74.61%	422,289	15.26%
	Revenues	3,372,796		3,032,391		2,767,513	

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
Supplementary Schedule of External Auditor Fee-Related Information
For the Years Ended December 31, 2025 and 2024
(Amounts in Thousand Philippine Pesos)

	2025	2024
Total Audit Fees	P 3,000	P 2,975
Non-audit service fees:		
Other assurance service	150	150
Tax service	-	-
All other services	-	-
Total Non-audit Fees	150	150
Total Audit and Non-audit Fees of the Parent	P 3,150	P 3,125
 Audit and Non-audit fees of other related entities		
Audit fees	P 2,330	P 2,038
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of other related entities	2,330	2,038
Total Audit and Non-audit Fees of the Group	P 5,480	P 5,163

Reports on SEC Form 17-C

Reporting Date	Report										
January 15, 2025	<p><u>Certificate of Attendance of Directors</u></p> <p><u>Certificate of Compliance with Manual on Corporate Governance</u></p>										
March 7, 2025	<p><u>Details of Other Activities Relative to the Annual Stockholders’ Meeting</u></p> <p><i>The Board of Directors, during the regular board meeting held on 3 March 2025 has approved that the Annual Stockholders’ Meeting of the Company will be held on 14 May 2025 and be conducted via remote communication.</i></p> <p><i>The Record Date and other significant dates relative to the holding of the Company’s Annual Meeting are as follows:</i></p> <table border="1"> <tbody> <tr> <td><i>April 1, 2025</i></td> <td><i>Record Date for Stockholders</i></td> </tr> <tr> <td><i>April 2 to 8, 2025</i></td> <td><i>Closing of Books for the Stockholders</i></td> </tr> <tr> <td><i>April 29, 2025</i></td> <td><i>Deadline for Submission of Proxies</i></td> </tr> <tr> <td><i>May 7, 2025</i></td> <td><i>Validation of Proxies</i></td> </tr> <tr> <td><i>May 14, 2025</i></td> <td><i>Annual Stockholders’ Meeting and Organizational Meeting</i></td> </tr> </tbody> </table> <p><i>The nomination of the Company’s Board of Directors and Independent Directors were duly approved during the meeting:</i></p> <ol style="list-style-type: none"> <i>a. Ramon S. Ang</i> <i>b. Aurora T. Calderon</i> <i>c. John Paul L. Ang</i> <i>d. Cecile L. Ang</i> <i>e. Jeronimo U. Kilayko – Independent Director</i> <i>f. Josefina Guevara-Salonga – Independent Director</i> <i>g. Karen V. Ramos</i> <p><i>* Ferdinand K. Constantino as Board Advisor</i></p> <p><u>Change in Assistant Corporate Secretary</u></p> <p><i>The Board noted and confirmed the resignation of Atty. Jessehan P. Pia-Perillo as Assistant Corporate Secretary effective March 3, 2025, and appoints Atty. Jonathan Sixto M. Poblete on even date to serve the unexpired portion of the term.</i></p>	<i>April 1, 2025</i>	<i>Record Date for Stockholders</i>	<i>April 2 to 8, 2025</i>	<i>Closing of Books for the Stockholders</i>	<i>April 29, 2025</i>	<i>Deadline for Submission of Proxies</i>	<i>May 7, 2025</i>	<i>Validation of Proxies</i>	<i>May 14, 2025</i>	<i>Annual Stockholders’ Meeting and Organizational Meeting</i>
<i>April 1, 2025</i>	<i>Record Date for Stockholders</i>										
<i>April 2 to 8, 2025</i>	<i>Closing of Books for the Stockholders</i>										
<i>April 29, 2025</i>	<i>Deadline for Submission of Proxies</i>										
<i>May 7, 2025</i>	<i>Validation of Proxies</i>										
<i>May 14, 2025</i>	<i>Annual Stockholders’ Meeting and Organizational Meeting</i>										
April 1, 2025	<p><u>List of Stockholders</u></p> <p><i>“Please be informed that the Annual Stockholders’ Meeting of San Miguel Properties, Inc. (the “Corporation”) shall be held on 14 May 2025 (Wednesday). We shall accordingly inform the stockholders concerned of this schedule and the details as to the time, place, and other information through the publication of Notice of Meeting in the business section of the Malaya Business Insight and Daily Tribune, in both print and online format, for two (2) consecutive days.</i></p> <p><i>In addition, the Definitive Information Statement (DIS) has been posted in the Company’s website with its majority shareholder – San Miguel Corporation, to be furnished with a hardcopy of the said DIS.</i></p> <p><i>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 1 April 2025.”</i></p>										

<p>April 30, 2025</p>	<p><u>Proof of Publication, Notice of Meeting, Distribution of Information Statement, and other documents in connection with 2025 Annual Stockholders' Meeting</u></p> <p><i>“In compliance with the Securities and Exchange Commission (SEC) Notice regarding alternative mode for distributing and providing copies of the Notice of the Meeting, Information Statement, and other documents in connection with the holding of Annual Stockholders' Meeting of San Miguel Properties which will be held on 14 May 2025, attached are the following:</i></p> <ol style="list-style-type: none"> <i>(1) the Affidavit of Publication issued by Malaya Business Insight with newspaper clippings and links of online placement of the Notice dated April 22 & 23, 2025; and</i> <i>(2) the Affidavit of Publication issued by Daily Tribune with newspaper clippings and links of online placement of the Notice dated April 22 & 23, 2025.</i> <p><i>Notice of the Annual Stockholders' Meeting is also posted on the website of the Company, https://www.sanmiguelproperties.com.ph/articles/notice-of-regular-meeting-of-stockholders-may-14-2025. The Company likewise posted the full version of the SEC Form 20-IS (Definitive Information Statement "DIS") and SEC Form 17-A. The DIS includes, among others, the agenda of the meeting, sample ballot/proxy form, 2024 Audited Financial Statements and accompanying Management Discussion and Analysis (MD&A).”</i></p>
<p>May 7, 2025</p>	<p><u>Amendment of Articles of Incorporation to Increase the Authorized Capital Stock</u></p> <p><i>San Miguel Properties, Inc. (the “Company”) discloses that in a hybrid meeting of the Board of Directors (the “Board”) held on 6 May 2025:</i></p> <p><i>The Board, as favorably endorsed by the Risk Oversight and Audit Committee, approved the Amendment of the Articles of Incorporation to Increase the Authorized Capital Stock of the Company, subject to the approval by the SEC of the Company's pending application to increase its Authorized Capital Stock from P15,000,000,000.00, divided into 1,500,000,000 common shares to P17,000,000,000.00, divided into 1,700,000,000 common shares, as follows:</i></p> <ol style="list-style-type: none"> <i>1. Increase in the Authorized Capital Stock (ACS) of the Company by P3,600,000,000.00, from P17,000,000,000.00, divided into 1,700,000,000 common shares at a par value of P10.00 per share to P20,600,000,000.00, divided into 2,060,000,000 common shares at a par value of P10.00 per share.</i> <i>2. Amendment of Article VII of the Articles of Incorporation of the Company to reflect the above increase in the ACS, as follows:</i> <p style="margin-left: 40px;"><i>“That the capital stock of the Corporation is TWENTY BILLION SIX HUNDRED MILLION PESOS (P20,600,000,000.00), Philippine Currency, divided into TWO BILLION SIXTY MILLION (2,060,000,000) common shares at the par value of TEN PESOS (P10.00) per share. (Amended by the Board of Directors on November 5, 2015 and by the Stockholders on December 17, 2015; further amended by the Board of Directors on March 4, 2024 and by the Stockholders on May 8, 2024; and further amended by the Board of Directors on May 6, 2025 and by the Stockholders on __)”</i></p> <i>3. Subscription of San Miguel Corporation (SMC) to 90,000,000 common shares for a subscription price of P20.00 per share or a total subscription price of P1,800,000,000.00.</i> <i>4. Cash infused by SMC as payment for the proposed subscription shall be treated as deposit for future stock subscription, in the event that no shares are available for subscription, until the application for the increase in authorized capital stock is approved by the Securities and Exchange Commission.</i>

	<p><i>The approval of the stockholders of the Company shall be secured for the matters relating to the Amendment of Articles of Incorporation to increase the ACS in the Stockholders' Meeting to be convened on 14 May 2025 via remote communication with the details for attending, participating, and casting of votes to be set out in the Notice and in the Definitive Information Statement.</i></p>
<p>May 15, 2025</p>	<p><u>Results of 2025 Annual Stockholders' Meeting</u></p> <p><i>“San Miguel Properties, Inc. (the “Company”) hereby reports that the following matters were approved during the Annual Stockholders' Meeting held on 14 May 2025, which was conducted via remote communication and was livestreamed at https://www.youtube.com/live/nR5bQ85fQCY?si=Ym2lPsNZMI1kbXVO.</i></p> <p><i>Following the Stockholders' Meeting, the Organizational Meeting of the Board of Directors was held on the same day, 14 May 2025, and was conducted via remote communication</i></p> <p><u>A. Annual Stockholders' Meeting</u></p> <p><i>i. Approval of the Minutes of the Annual Stockholders' Meeting Held on 8 May 2024</i></p> <p><i>ii. Presentation of Annual Report</i></p> <p><i>iii. Ratification of All Acts and Proceedings of the Board of Directors and Corporate Officers</i></p> <p><i>iv. Approval of the Increase in the Authorized Capital Stock, subject to the approval by the SEC of the Company's pending application to increase its Authorized Capital Stock from P15,000,000,000.00, divided into 1,500,000,000 common shares to P17,000,000,000.00, divided into 1,700,000,000 common shares, as detailed below:</i></p> <p><i>a. Amendment of Article VII of the Articles of Incorporation of the Company to increase the Authorized Capital Stock by PhP3,600,000,000.00, from PhP17,000,000,000.00, divided into 1,700,000,000 common shares at a par value of PhP10.00 per share to PhP20,600,000,000.00, divided into 2,060,000,000 common shares at a par value of PhP10.00 per share, as follows:</i></p> <p><i>“That the capital stock of the Corporation is TWENTY BILLION SIX HUNDRED MILLION PESOS (P20,600,000,000.00), Philippine Currency, divided into TWO BILLION SIXTY MILLION (2,060,000,000) common shares at the par value of TEN PESOS (P10.00) per share. (Amended by the Board of Directors on November 5, 2015 and by the Stockholders on December 17, 2015; further amended by the Board of Directors on March 4, 2024 and by the Stockholders on May 8, 2024; and further amended by the Board of Directors on May 6, 2025 and by the Stockholders on May 14, 2025)”</i></p> <p><i>b. Subscription of San Miguel Corporation (SMC) to 90,000,000 common shares for a subscription price of PhP20.00 per share or a total subscription price of PhP1,800,000,000.00.</i></p> <p><i>c. Cash infused by SMC as payment for the proposed subscription shall be treated as deposit for future stock subscription, in the event that no shares are available for subscription, until the application for the increase in authorized capital stock is approved by the Securities and Exchange Commission.</i></p> <p><i>v. Appointment of Punongbayan and Araullo as External Auditor of the Company for Fiscal Year 2025</i></p> <p><i>vi. Election of Board of Directors for the Company for 2025-2026</i></p> <ol style="list-style-type: none"> <i>1. Ramon S. Ang</i> <i>2. John Paul L. Ang</i> <i>3. Cecile L. Ang</i> <i>4. Aurora T. Calderon</i>

5. Karen V. Ramos
6. Josefina Guevara-Salonga - Independent Director
7. Jeronimo U. Kilayko - Independent Director
- Ferdinand K. Constantino - Board Advisor

Among the aforementioned directors duly elected, two (2) were also elected as independent directors. Attached hereto are copies of the Certifications executed by Ms. Guevara-Salonga and Mr. Kilayko, under Annexes "A" and "B" respectively, in connection with their election as independent directors of the Company.

Organizational Meeting

- i. Approval of the Minutes of the Regular Meeting of the Board of Directors Held on 6 May 2025
- ii. Election of By-Law Officers

Name	Position
Ramon S. Ang	Chairman
John Paul L. Ang	President
Karen V. Ramos	General Manager with the rank of Senior Vice President
Maria Alma C. Geronimo	Treasurer with the rank of Assistant Vice President
Karen M. Cas-Caballa	Corporate Secretary with the rank of Assistant Vice President
Jonathan Sixto M. Poblete	Assistant Corporate Secretary, Compliance Officer and Data Protection Officer with the rank of Manager

- iii. Election of Board Committee Members and San Miguel Properties, Inc. Retirement Plan Board of Trustees.

Risk Oversight and Audit Committee	
Josefina Guevara-Salonga	Chairperson
Aurora T. Calderon	Member
Jeronimo U. Kilayko	Member
Ferdinand K. Constantino	Member

Corporate Governance, Nomination and Compensation Committee	
Jeronimo U. Kilayko	Chairperson
Josefina Guevara-Salonga	Member
Cecile L. Ang	Member

Related Party Transaction Committee	
Jeronimo U. Kilayko	Chairperson
John Paul L. Ang	Member
Karen V. Ramos	Member

SMPI Retirement Plan Board of Trustees	
1. Aurora T. Calderon	
2. Bella O. Navarra	
3. Ann Lorraine O. Maliksi	
4. Karen V. Ramos	
5. Joseph N. Pineda	

- iv. Approval of the General Board Resolution on Authorized Banks and Signatories"

June 23, 2025

Approval of Authorized Capital Stock

"Item 9. Other Events

Please be informed that the Securities and Exchange Commission ("SEC") approved on 17

June 2025 the Amendment of the Articles of Incorporation to Increase the Authorized Capital Stock of San Miguel Properties, Inc. (the “Company”) from Fifteen Billion Pesos (P15,000,000,000.00), divided into One Billion Five Hundred Million (1,500,000,000) common shares with a par value of Ten Pesos (P10.00) per share, to Seventeen Billion Pesos (P17,000,000,000.00), divided into One Billion Seven Hundred Million (1,700,000,000) common shares with a par value of Ten Pesos (P10.00) per share.

Please see attached Certificate of Approval of Increase of Capital Stock and Amendment of Articles of Incorporation of the Company, dated 17 June 2025.”

November 7, 2025

Other Events

“San Miguel Properties, Inc. (the “Company”) hereby reports that the following matters were approved during the meeting of the Board of Directors (the “Board”) held on 4 November 2025, which was conducted via remote communication:

1. Approval of the promotion of Micaela A. Rosales to Assistant Vice President.
2. On 14 October 2025, the Company secured the Certificate of Approval of the Increase in Authorized Capital Stock, from Seventeen Billion Pesos (P17,000,000,000.00), divided into One Billion Seven Hundred Million (1,700,000,000) common shares with a par value of Ten Pesos (P10.00) per share, to Twenty Billion Six Hundred Million Pesos (P20,600,000,000.00), divided into Two Billion Sixty Million (2,060,000,000) common shares with a par value of Ten Pesos (P10.00) per share.

Pursuant thereto, the Board approved the subscription of San Miguel Corporation (“SMC”) for up to 225,000,000 common shares at a subscription price of P20.00, or a total subscription price of up to P4,500,000,000.00, of which, as of 30 September 2025, P1,369,795,960.00 has been paid for in the form of deposit for future stock subscription. The execution of the subscription agreements and payment terms thereof shall be determined and mutually agreed upon between the Company’s Management and SMC.

Schedule of 2026 Board and Audit Committee Meetings

“In addition, the schedule of the Company’s Board and Risk Oversight & Audit Committee meetings for year 2026 was approved, as follows:

DATE OF MEETINGS	TIME		REGULAR MEETING
March 3, 2026 (Tuesday)	Audit	1:00 P.M.	Regular Meeting for the 4 th quarter of 2025
	Board	2:00 P.M.	
May 6, 2026 (Wednesday)	Audit	1:00 P.M.	Regular Meeting for the 1 st quarter of 2026
	Board	2:00 P.M.	
May 14, 2025 (Wednesday)	SH and Org. Meeting	3:15 P.M.	Annual General Meeting
August 3, 2026 (Monday)	Audit	10:00 A.M.	Regular Meeting for the 2 nd quarter of 2026
	Board	11:00 A.M.	
November 3, 2026 (Tuesday)	Audit	1:00 P.M.	Regular Meeting for the 3 rd quarter of 2026
	Board	2:00 P.M.	

The Annual Stockholders’ Meeting of the Company shall be held on 13 May 2026, Wednesday.”

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
Arcore Holdings Co.	Chairman	2016 to present
CV Financial Corporation	President	2016 to present
K5 Distribution, Inc.	President	2003 to present
Abejo Water Company	Independent Director	2018 to present
Operations Smile Philippines	Trustee	2011 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

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
Ondarre Holding Corporation	2022 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
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
Soracil Prime Inc.	2022 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 Services Corp.	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
<p>A legal suit between private parties (EGI) and the United Coconut Planters Bank (UCPB). I was included only because I was the <i>former President of UCPB</i>.</p> <p>(G.R. No. 168859 and G.R. No. 168897)</p>	Supreme Court	<p>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.</p> <p>To date no pending proceedings before the BSP.</p>

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 26 2026 at Mandaluyong City.


JERONIMO U. KILAYKO
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 26 2026 at Mandaluyong City, affiant exhibiting to me his Driver's License with No. N11-71-016775 expiring on 30 September 2032.

Doc. No.: 357
Page No.: 75
Book No.: ±
Series of: 2026

Documentary Stamp Paid
O.R. No.: <u>05269236</u>
Amount: <u>₱20</u>
Date: <u>MAR 26 2026</u>


ATTY. JONATHAN SIXTO M. POBLETE
Appointment No. 0456-26
Notary Public for Mandaluyong
Until 31 December 2027
Roll No. 56620
PTR No. 6022997 / 01-07-2026/Mandaluyong City
IBP No. 592673 / 1-09-2026
MCLE Compliance No.VIII-0038155 / 04-14-2028

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSEFINA G. SALONGA**, Filipino, of legal age, and a resident of 44 Magallanes Avenue, Magallanes Village, Makati City, 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 has been its independent director since 7 March 2022.

2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
SMC Global Power Holdings Corp.	Independent Director	2017 – Present
San Pedro, Laguna Lawyers' Association	Member	Present
Philippine Women Judges' Association	Member	Present
WILOCI (U.P.) Lawyers' Association	Member	1966 – 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 _____ of day of MAR 26 2026 at Mandaluyong City.


JOSEFINA G. SALONGA
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 26 2026 at Mandaluyong City, affiant exhibiting to me her Passport with No. P8640089A issued on 6 September 2018 at DFA Manila.

Doc. No.: 368
Page No.: 5
Book No.: 1
Series of 202C

Documentary Stamp Paid
O.R. No.: <u>05269231</u>
Amount: <u>P20</u>
Date: <u>MAR 26 2026</u>


ATTY. JONATHAN SIXTO M. POBLETE
Appointment No. 0456-26
Notary Public for Mandaluyong
Until 31 December 2027
Roll No. 56620
PTR No. 6022997 / 01-07-2026/Mandaluyong City
IBP No. 592673 / 1-09-2026
MCLE Compliance No.VIII-0038155 / 04-14-2028