

COVER SHEET

SEC Registration Number

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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

	1	7	Q
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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

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Company's Telephone Number/s

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Mobile Number

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No. of Stockholders

909

Annual Meeting (Month/Day)

MAY 11

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATION

The 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

632-3288

Mobile Number

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CONTACT PERSON'S ADDRESS

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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
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **SEPTEMBER 30, 2022**
2. Commission identification number **37338**
3. BIR Tax Identification No. **000-133-166-000**
4. Exact name of issuer as specified in its charter **SAN MIGUEL PROPERTIES, INC.**
5. Province, country or other jurisdiction of incorporation or organization **PHILIPPINES**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office
**40 SAN MIGUEL AVE.
MANDALUYONG CITY**
Postal Code
1550
8. Issuer's telephone number, including area code **(632) 632-3000**
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

	Number of shares of common stock and amount of debt outstanding as of September 30, 2022
<hr/> Common Shares	<hr/> 1,334,633,027
Total Liabilities (in '000)	19,975,599

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

Yes [] No [/]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

12. Indicate by check mark whether the registrant:

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

Yes [/] No []

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

Yes [/] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated statements of San Miguel Properties, Inc. ("SMPI" or "the Company") and its subsidiaries (collectively "the Group") as of and for the period ended September 30, 2022 (with comparative figures as of December 31, 2021 and for the period ended September 30, 2021) and Selected Notes to Consolidated Financial Statements are attached hereto as **Annex "A"**.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information required by Part III, Paragraph (A)(2)(b) of "Annex C, as amended" is attached hereto as **Annex "B"**.

PART II--OTHER INFORMATION

The Company may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer

SAN MIGUEL PROPERTIES, INC.

Signature and Title


MARIA ALMA C. GERONIMO
Treasurer/Finance Head

Date

November 11, 2022

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
(Amounts in Thousand Philippine Pesos)

	Notes	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	19, 20	P 3,454,129	P 2,018,829
Receivables - net	19, 20	391,214	436,983
Real estate projects	5	1,410,288	1,440,217
Raw land inventory	6	6,165,605	3,341,081
Other current assets - net		<u>1,867,839</u>	<u>1,745,675</u>
Total Current Assets		<u>13,289,075</u>	<u>8,982,785</u>
NONCURRENT ASSETS			
Receivables - net	19, 20	866,514	678,318
Deposits on land for future development	7	2,165,741	2,200,291
Equity advances and investments in associates	8	11,947,328	11,843,508
Investment property - net	9	19,091,052	15,225,118
Property and equipment - net	10	7,791,122	7,260,422
Intangible assets - net	11	174,255	171,535
Retirement benefit asset		26,177	35,708
Deferred tax assets - net		100,388	69,880
Other noncurrent assets - net	12	<u>317,365</u>	<u>41,072</u>
Total Noncurrent Assets		<u>42,479,942</u>	<u>37,525,852</u>
TOTAL ASSETS		<u>P 55,769,017</u>	<u>P 46,508,637</u>

	Notes	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Loans and borrowings	13, 19, 20	11,552,000	P	11,927,100
Trade and other payables	13, 19, 20	1,694,600		2,003,641
Lease liabilities	15, 20	4,406		16,677
Due to related parties	16, 19, 20	33,357		33,357
Advance rentals and deposits	16, 19, 20	250,042		229,520
Customers' deposits		165,734		168,765
Income tax payable		718		1,786
Total Current Liabilities		13,700,857		14,380,846
NONCURRENT LIABILITIES				
Trade and other payables	14	6,056,963	-	
Lease liabilities	15, 20	105,131		105,217
Deferred tax liabilities - net		112,648		88,707
Total Noncurrent Liabilities		6,274,742		193,924
Total Liabilities		19,975,599		14,574,770
EQUITY				
Equity attributable to owners of the Company				
Capital stock	17, 18	13,349,488		11,122,777
Additional paid-in capital	17	12,777,284		10,572,841
Treasury shares - at cost	17 (	9,515 )	(	9,515)
Accumulated fair value gain loss	8 (	277,607 )	(	104,176)
Cumulative translation adjustment	8	2,237		2,768
Reserve for retirement plan	(	122,800 )	(	122,800)
Other reserves	17 (	373,148 )	(	303,669)
Retained earnings	17, 18	9,826,115		9,316,521
Total equity attributable to owners of the Company		35,172,054		30,474,747
Noncontrolling interest		621,364		1,459,120
Total Equity		35,793,418		31,933,867
TOTAL LIABILITIES AND EQUITY		P 55,769,017	P	46,508,637

See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements

CERTIFIED CORRECT


MARIA ALMA C. GERONIMO
FINANCE MANAGER

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts in Thousand Philippine Pesos, Except Per Share Data)

	<u>Notes</u>	<u>2022 Unaudited</u>		<u>2021 Unaudited</u>
REVENUES	3			
Rental income		547,729	P	511,448
Room revenues		449,411		300,988
Service income		325,098		202,776
Sale of food and beverages		120,033		44,118
Real estate sales		63,899		221,458
Others		14,255		7,955
		<u>1,520,425</u>		<u>1,288,744</u>
COSTS OF SALES AND SERVICES				
Service cost		221,319		142,113
Room services		239,321		170,278
Rentals		95,529		84,369
Food and beverages sold		119,715		62,952
Real estate sold		45,706		75,807
		<u>721,589</u>		<u>535,519</u>
GROSS PROFIT		798,836		753,224
OTHER OPERATING EXPENSES		<u>453,677</u>		<u>387,040</u>
OPERATING PROFIT		<u>345,159</u>		<u>366,184</u>
OTHER INCOME (CHARGES)				
Share in profit of associates	8	425,133		256,840
Finance costs	13	(255,938 )	(	275,181)
Finance income		28,730		22,729
Miscellaneous income (charges) - net		(14,431 )	(	64,856)
		<u>183,494</u>	(	<u>60,468</u>
PROFIT BEFORE TAX		528,654		305,716
TAX EXPENSE (BENEFIT)		<u>26,291</u>		<u>9,232</u>
NET PROFIT		<u>502,363</u>		<u>296,483</u>
<i>Balance carried forward</i>		<u>P 502,363</u>	P	<u>296,483</u>

	Notes	2022 Unaudited	2021 Unaudited
Balance brought forward		P 502,363	P 296,483
OTHER COMPREHENSIVE LOSS			
Share in other comprehensive loss of associates	8	(173,963)	(15,277)
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>328,399</u>	<u>281,206</u>
Net profit attributable to:			
Equity holders of the Company		509,594	296,246
Noncontrolling interest		(7,231)	237
		<u>502,363</u>	<u>296,483</u>
Total comprehensive income (loss) attributable to:			
Equity holders of the Company		335,631	280,969
Noncontrolling interest		(7,231)	237
		<u>328,400</u>	<u>281,206</u>
Earnings Per Share - Basic and Diluted	18	P <u>0.43</u>	P <u>0.31</u>

See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements

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MARIA ALMA C. GERONIMO
FINANCE MANAGER

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
(Amounts in Thousand Philippine Pesos)

	Attributable to Owners of the Parent Company											
	Capital Stock (See Note 14)	Additional Paid-in Capital (See Note 14)	Treasury Shares - at Cost (See Note 14)	Accumulated Fair Value Gains (Losses) (See Note 18)	Cumulative Translation Adjustment	Reserve for Retirement Plan	Other Reserves (See Note 14)	Appropriated Retained Earnings (See Note 14)	Unappropriated Retained Earnings (See Note 14)	Total	Noncontrolling Interest	Total Equity
Balance at January 1, 2022	11,122,777	10,572,841	(9,515)	(104,176)	2,768	(122,800)	(303,669)	4,500,000	4,816,521	30,474,747	1,459,120	31,933,867
Transactions with owners												
Issuance of shares of stock	2,226,711	2,204,443								4,431,154		4,431,154
Asset acquisition with NCI												
Acquisition of additional NCI							(69,479)			(69,479)	(830,525)	(900,004)
Total comprehensive income (loss) for the year	-	-	-	(173,431)	(531)	-	-	-	509,594	335,632	(7,231)	328,401
Balance at June 30, 2022	13,349,488	12,777,284	(9,515)	(277,607)	2,237	(122,800)	(373,148)	4,500,000	5,326,115	35,172,054	621,364	35,793,418
Balance at January 1, 2021	9,245,952	8,714,550	(9,515)	(16,429)	(6,369)	(223,967)	(280,515)	4,500,000	4,256,755	26,180,462	354,652	26,535,114
Transactions with owners												
Issuance of shares of stock	1,876,826	1,858,291							(2,115)	3,733,001	-	3,733,001
Asset acquisition with NCI											1,384,503	1,384,503
Acquisition of additional NCI							(23,158)			(23,158)	(276,842)	(300,000)
Total comprehensive income (loss) for the year	-	-	-	(87,747)	9,137	101,167	4	-	561,881	584,442	(3,193)	581,249
Balance at December 31, 2021	11,122,777	10,572,841	(9,515)	(104,176)	2,768	(122,800)	(303,669)	4,500,000	4,816,521	30,474,747	1,459,120	31,933,867

See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements

MARIA ALMA C. GERONIMO
FINANCE MANAGER

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts in Thousand Philippine Pesos)

	Notes	2022 Unaudited	2021 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	P	528,654	P 223,344
Adjustments for:			
Interest expense	13	197,942	142,965
Share in profit of associates	8	(425,133)	(104,239)
Depreciation and amortization	9, 10, 11	112,610	71,987
Interest income		(28,730)	(15,883)
Fair value gain - net	5	(1,388)	-
Operating profit before working capital changes		383,955	318,174
Decrease (increase) in receivables		(115,633)	149,152
Decrease in real estate projects	5	31,317	88,718
Decrease (increase) in raw land inventory	6	(255,827)	599
Increase in other assets	12	(25,453)	(76,852)
Increase in deposits on land for future development	7	(418,345)	(518,429)
Decrease in trade and other payables	14	(162,710)	(114,088)
Increase (decrease) in advance rentals and deposits		20,522	(5,161)
Increase (decrease) in customers' deposits		(3,031)	805
Decrease in retirement benefit liability		-	(2,769)
Cash from operations		(545,205)	(159,851)
Interest received		15,327	14,579
Cash paid for income taxes		(33,927)	(19,547)
Net Cash Used in Operating Activities		(563,805)	(164,819)
Balance brought forward	(P	563,805)	(P 164,819)

	Notes	2022 Unaudited	2021 Unaudited
<i>Balance carried forward</i>		(P 563,805)	(P 164,819)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment property	9	(283,077)	(250,847)
Acquisitions of property and equipment	10	(251,063)	(268,408)
Interest received		13,402	1,304
Additional equity advances	8	(2,652)	-
Acquisition of additional interest in various subsidiaries	4	(900,000)	(524,973)
Acquisition of intangible assets	11	(4,471)	(3,702)
Acquisition of a subsidiary, net of cash received from newly-acquired subsidiary	4	(386,142)	-
Net Cash Used in Investing Activities		(1,814,003)	(1,046,626)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net loan repayments	13	(375,100)	(130,800)
Interest paid	13	(235,705)	(177,892)
Collection of lease receivables		4,701	2,972
Repayment of lease liabilities		(8,098)	(5,417)
Proceeds from issuance of shares of stock	17	4,453,422	1,832,301
Share issuance costs paid	17	(26,112)	(9,778)
Net Cash From Financing Activities		3,813,108	1,511,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,435,300	299,941
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,018,829	1,150,550
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 3,454,129	P 1,450,491

See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements

CERTIFIED CORRECT

MARIA ALMA C. GERONIMO
FINANCE MANAGER

**SAN MIGUEL PROPERTIES, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements
For the period ended September 30, 2022
(With comparative figures for 2021)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group prepared its interim consolidated financial statements as of and for the period ended September 30, 2022 and comparative financial statements for the same period in 2021 following the new presentation rules under Philippine Accounting Standard (PAS) No. 34, *Interim Financial Reporting*. The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

The consolidated financial statements are presented in Philippine peso and all financial information are rounded off to the nearest thousand (P000), except when otherwise indicated.

The principal accounting policies and methods adopted in preparing the interim consolidated financial statements of the Group are the same as those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below.

1.1 Adoption of New and Amended PFRS

(a) Effective in 2022 that are Relevant to the Group

The Group adopted for the first time the following PFRS, amendment and annual improvement to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective January 1, 2022). The amendments clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment (PPE) into use. The amendments prohibit companies from deducting from the cost of PPE amounts received from selling items produced while companies are preparing the asset for its intended use. Instead, companies will recognize such sales proceeds and related cost in profit or loss.
- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. Amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on or after January 1, 2022. Earlier application is also permitted.

- (iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:
- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
 - Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, *Leases*). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.
- (iv) Reference to the Conceptual Framework (Amendment to PFRS 3, Business Combinations). The amendments:
- updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;
 - added a requirement that, for transactions and other events within the scope of PAS 37 or International Financial Reporting Interpretations Committee (IFRIC) 21, Levies, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
 - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Except as otherwise indicated, the adoption of the amended standards and interpretation did not have a material effect on the interim consolidated financial statements

(b) Effective Subsequent to 2022 but not Adopted Early

There are new PFRS, interpretation, amendments and annual improvements to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's financial statements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023). The amendments affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability, income or expenses, or the information that the entity disclose about

those items. They (1) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; (2) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (3) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023). The amendments require the entities to disclose their material accounting policies rather than their significant accounting policies.
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023). The changes focus entirely on accounting estimates and clarify the following:
 - The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
 - Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
 - Clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
 - A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023). The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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

2. Impact of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law

The CREATE Act, which seeks to reduce the Corporate Income Tax Rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, was passed into law on March 26, 2021 and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or on April 11, 2021. One of the key provisions of the CREATE Law is an immediate 5%-10% point cut in the corporate income tax rate starting July 2020. As a result, the Group has taken up in the books the effect of the application of reduced corporate income tax rate from 30% to 25%.

The impact on the consolidated financial statements of the Group based on balances as of and for the year ended December 31, 2020, which was taken up upon the effectivity of the CREATE law are as follows:

	Increase(decrease)	
Assets		
Deferred Tax Asset	(P	230)
Prepaid taxes and licenses		1,333
Total Assets	P	1,103
Liabilities		
Deferred Tax Liabilities		847
Income tax payable	(	113)
Total Liabilities		734
Equity		
Retained Earnings		369
Total Liabilities and Equity		1,103
Income Tax Expense		
Current		1,446
Deferred	(	1,077)
Income Tax Expense		369

3. SEGMENT INFORMATION

Management currently has four operating segments namely: leasing, sale of real estate, service income and hotel operations. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

3.1 Analysis of Segment Information

Segment information can be analyzed below for the periods ended September 30, 2022 and 2021.

	Leasing	Sale of Real Estate	Service Income	Hotel Operations	Total
2022 (Unaudited)					
Segment revenues	P 547,729	P 63,899	P 325,098	P 583,699	P 1,520,425
Cost of real estate sold	-	(45,706)	-	-	(45,706)
Cost of rentals	(95,529)	-	-	-	(95,529)
Cost of room services	-	-	-	(239,321)	(239,321)
Cost of food and beverage sold	-	-	-	(119,715)	(119,715)
Cost of service income	-	-	(221,318)	-	(221,318)
Other operating expenses	(185,169)	(114,579)	(70,703)	(83,226)	(453,677)
Segment Operating Profit (Loss)	P 267,031	(P 96,386)	P 33,077	P 141,437	P 345,159
	Leasing	Sale of Real Estate	Service Income	Hotel Operations	Total
2021 (Unaudited)					
Segment revenues	P 511,448	P 221,459	P 202,776	P 353,061	P 1,288,744
Cost of real estate sold	-	(75,807)	-	-	(75,807)
Cost of rentals	(84,369)	-	-	-	(84,369)
Cost of room services	-	-	-	(170,278)	(170,278)
Cost of food and beverage sold	-	-	-	(62,952)	(62,952)
Cost of service income	-	-	(142,113)	-	(142,113)
Other operating expenses	(79,746)	(210,005)	(34,652)	(62,637)	(387,040)
Segment Operating Profit	P 347,333	(P 64,353)	P 26,011	P 57,194	P 366,185

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.

4. INTEREST IN SUBSIDIARIES AND ACQUISITION

On August 26, 2022, the Group acquired 100% ownership interest in each of the subsidiaries acquired through asset acquisition, which are engaged in lines of businesses similar to that of the Group.

As of date of the acquisition, these entities had no commercial operations and the assets mainly pertain to parcel of land located in Metro Manila.

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

Cash and cash equivalents	P	327,449
Trade and other receivables		31,495,193
Other current assets		87,178,998
Investment property		3,746,339,617
Trade and other payables	(	641,257)

In 2022, the Group also increased its ownership interest in subsidiaries acquired through asset acquisition in 2021 to 94% for an additional consideration of P900,000. Such change in ownership interest did not result to obtaining or losing control ; hence, the difference between the consideration paid and the additional share acquired by the Group amounting to P69,476 was recognized as part of Other Reserves under the Equity section of the 2022 consolidated statement of financial position.

5. REAL ESTATE PROJECTS

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Subdivision houses and lots	P 1,010,207	P 1,030,845
Construction-in-progress (CIP)	400,081	409,372
	P 1,410,288	P 1,440,217

The movements of this account as of September 30, 2022 and December 31, 2021 are shown below.

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at the beginning of the year	P 1,440,217	P 1,482,930
Additions during the year	17,031	65,229
Sales during the year	(45,706)	(144,096)
Reclassification during the year	(1,254)	36,154
Balance at end of the period	P 1,410,288	P 1,440,217

The Company recognized gain from repossession of inventory amounting to P1,388 in accordance with the adoption of PFRS 15 and PIC Q&A 2018-14. The related gain is presented as part of Miscellaneous Income (Charges) account under the Other Income (Charges) section in the September 30, 2022 consolidated statement of comprehensive income.

The net realizable value of real estate projects is higher than its carrying value as of September 30, 2022 and December 31, 2021, based on management's assessment.

6. RAW LAND INVENTORY

Below is a summary of the aggregate cost of raw land inventory as of September 30, 2022 and December 31, 2021.

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
SMPI	P 4,169,127	P 1,340,730
Agricultural	778,074	778,074
Geosolutions	602,135	605,508
Rapidshare	229,806	229,806
Excel Unified	98,458	98,458
Grandioso	71,202	71,202
Brillar	45,839	45,839
First Monte	43,424	43,924
Coron	36,662	36,662
Tierra	25,068	25,068
Busuanga	22,096	22,096
Dimanyan	16,259	16,259
Elite Montagne	11,609	11,609
Bulalacao	7,656	7,656
Calamian	5,201	5,201
Palawan	2,989	2,989
	P 6,165,605	P 3,341,081

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of year	P 3,341,081	P 2,583,300
Acquired asset	-	778,074
Additions	2,558,267	1,988
Reclassification	266,257	(20,632)
Disposal	-	(1,649)
Balance at end of the period	P 6,165,605	P 3,341,081

On August 26, 2022, the Company purchased raw land from a related party amounting to P2,302,440. The amount was recognized in full as part of the additions in Raw Land Inventory account in the consolidated statement of financial position as the right to use, occupy and possess the property were transferred to the Company upon execution of the contract to sell and payment of the downpayment. Accounts payable and input VAT clearing related to the acquisition were also recognized as part of the noncurrent Trade and Other Payables and Other Noncurrent Asset accounts, respectively, in the September 30, 2022 consolidated statements of financial position (See Note 12 and 14).

Management determined that these properties have a total fair value of P19,290,335 and 11,613,269 as of September 30, 2022 and December 31, 2021, respectively. Fair value is determined by independent appraisers through appraisal reports, from existing bid or offer prices, and from recent sale of adjacent properties.

Information about the fair value measurement and disclosures related to raw land inventories are presented in Note 21.4.

7. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

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

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

Based on the advice by the Consultant, management believes that it will take a long period of time to complete the documentation process, consolidation of the titles and other activities relative to the acquisition of the remaining portion of subdivided lots. These activities are not yet completed as of September 30, 2022. Accordingly, the Group presented the outstanding balance of deposits as of September 30, 2022 and December 31, 2021 amounting to P574,024 and P573,677, respectively, as part of Deposits on Land for Future Development account under the Noncurrent Assets section of the consolidated statements of financial position.

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

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Balance at beginning of year	P 2,200,291	P 2,113,998
Additions	418,345	270,940
Reclassifications	(452,895)	(184,647)
Balance at end of the period	<u>P 2,165,741</u>	<u>P 2,200,291</u>

Based on management's evaluation, the recoverable value of deposits on land for future development is higher than its carrying amount as of September 30, 2022 and December 31, 2021.

8. EQUITY ADVANCES AND INVESTMENTS IN ASSOCIATES

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

	Notes	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Investment in associates	8.1	P 11,060,511	P 10,809,343
Equity advances	8.2	886,817	1,034,165
		P 11,947,328	P 11,843,508

8.1 Investments in Associates

Investments in associates, accounted for under the equity method, is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Acquisition costs:		
BOC	P 7,801,496	P 7,801,496
NLI	232,000	232,000
	8,033,496	8,033,496
Accumulated share in total comprehensive income:		
BOC	2,507,231	2,021,894
NLI	268,616	230,027
	2,775,847	2,251,921
Share in profit:		
BOC	437,220	489,647
NLI	(12,087)	38,589
Share in other comprehensive income (loss) of BOC:		
Fair value gains (losses) on financial assets at FVOCI	(173,431)	(87,747)
Equity reserve for retirement plan	-	74,486
Cumulative translation adjustment	(534)	8,951
	(173,965)	(4,310)
Net change during the year	251,168	523,926
Balance at end of the year	P 11,060,511	P 10,809,343

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

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
BOC		
Total assets	P 202,779,823	P 199,712,614
Total liabilities	175,254,118	176,349,881
Revenues	6,456,151	6,095,156
Profit	437,220	1,256,459
Other comprehensive loss	(173,965)	(10,795)
NLI		
Total assets	P 2,777,914	P 3,675,551
Total liabilities	267,652	1,108,255
Revenues	125,290	1,183,346
Profit (Loss)	(60,434)	192,943

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

On December 23, 2021, the Monetary Board of the BSP, in its Resolution No. 1798, approved the upgrade of the banking license of BOC from commercial bank to universal bank, subject to the public offering of its shares and listing the same with the PSE within one year from the date of the grant of the universal banking license.

On February 15, 2022, the SEC issued its pre-effective letter relating to the registration of securities up to 1,403,013,920 common shares of BOC to be listed and traded in the Main Board of the PSE in relation to its initial public offering. On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BOC, which includes the 280,602,800 common shares subject of the initial public offering. The 1,403,013,920 common shares of BOC were listed with the Main Board of the PSE on March 31, 2022.

8.2 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 no impairment losses are required to be recognized on the equity advances for the periods ended September 30, 2022 and December 31, 2021. Total allowance for impairment as of September 30, 2022 and December 31, 2021 amounted to P79,452.

The movements of these equity advances are presented below.

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Balance at beginning of year	P 1,034,165	P 3,854,472
Additions	2,652	154,693
Reclassification	(150,000)	(2,975,000)
Balance at end of the period	P 886,817	P 1,034,165

9. INVESTMENT PROPERTY

The gross amounts and accumulated depreciation and amortization of investment property as of September 30, 2022 and December 31, 2021 shown below.

	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Capital Projects- in-Progress</u>	<u>ROU Asset</u>	<u>Total</u>
September 30, 2022						
Cost	P 17,812,547	P 25,405	P 1,227,356	P 522,169	P 61,461	P 19,648,938
Accumulated depreciation and amortization	-	(6,868)	(526,291)	-	(24,727)	(557,886)
Net carrying amount	<u>P 17,812,547</u>	<u>P 18,537</u>	<u>P 701,065</u>	<u>P 522,169</u>	<u>P 36,734</u>	<u>P 19,091,052</u>
December 31, 2021						
Cost	P 14,264,742	P 22,906	P 1,268,332	P 146,360	P 61,461	P 15,763,801
Accumulated depreciation and amortization	-	(6,319)	(512,709)	-	(19,655)	(538,683)
Net carrying amount	<u>P 14,264,742</u>	<u>P 16,587</u>	<u>P 755,623</u>	<u>P 146,360</u>	<u>P 41,806</u>	<u>P 15,225,118</u>
January 1, 2021						
Cost	P 9,265,738	P 22,866	P 1,274,204	P 75,108	P 61,461	P 10,699,377
Accumulated depreciation and amortization	-	(5,643)	(483,367)	-	(12,892)	(501,902)
Net carrying amount	<u>P 9,265,738</u>	<u>P 17,223</u>	<u>P 790,837</u>	<u>P 75,108</u>	<u>P 48,569</u>	<u>P 10,197,475</u>

A reconciliation of the carrying amounts of investment property as of September 30, 2022 and December 31, 2021 shown below.

	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Capital Projects- in-Progress</u>	<u>ROU Asset</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 14,264,742	P 16,587	P 755,623	P 146,360	P 41,806	P 15,225,118
Additions	3,666,392	-	1,110	368,370	-	4,035,872
Reclassification	(118,587)	2,500	(33,961)	7,439	-	(142,609)
Depreciation and amortization charges during the year	-	(550)	(21,707)	-	(5,072)	(27,329)
Balance at September 30, 2022, net of accumulated depreciation and amortization	<u>P 17,812,547</u>	<u>P 18,537</u>	<u>P 701,065</u>	<u>P 522,169</u>	<u>P 36,734</u>	<u>P 19,091,052</u>

	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Capital Projects- in-Progress</u>	<u>ROU Asset</u>	<u>Total</u>
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 9,265,738	P 17,223	P 790,837	P 75,108	P 48,569	P 10,197,475
Additions	698,362	40	10,065	71,252	-	779,719
Acquired through asset acquisition	4,204,313	-	-	-	-	4,204,313
Reclassification	114,950	-	(15,937)	-	-	99,013
Derecognition	(18,621)	-	-	-	-	(18,621)
Depreciation and amortization charges during the year	-	(676)	(29,342)	-	(6,763)	(36,781)
Balance at December 31, 2021, net of accumulated depreciation and amortization	<u>P 14,264,742</u>	<u>P 16,587</u>	<u>P 755,623</u>	<u>P 146,360</u>	<u>P 41,806</u>	<u>P 15,225,118</u>

The total rental income earned from investment property and the related costs are presented as Rental Income and Cost of Rentals accounts, respectively, in the consolidated statements of comprehensive income. On the other hand, the direct operating costs of investment properties that did not generate rental income, which mostly pertains to real property taxes, contracted services and depreciation expense amounted to P39,271 and P54,152 in September 30, 2022 and December 31, 2021, respectively.

The Group also engages in transactions involving certain investment properties with related parties (see Note 16).

Based on the recent reports of independent appraisers, the Group's investment properties have a total fair value of P51,447,518 and P52,037,525 as of September 30, 2022 and December 31, 2021, respectively.

Information about the fair value measurement and disclosures related to investment property are presented in Note 21.4.

10. PROPERTY AND EQUIPMENT

The gross amounts and accumulated depreciation, amortization and impairment of property and equipment as of September 30, 2022 and December 31, 2021 shown below.

		<u>Land and Improvements</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 Asset</u>	<u>Total</u>
September 30, 2022								
Cost	P	1,173,744	P 3,569,307	P 219,195	P 611,354	P 3,566,572	P 907	P 9,141,079
Accumulated depreciation and amortization	(	87,450)	(603,986)	(80,012)	(577,117)	-	(372)	(1,348,937)
Accumulated impairment loss	-		(1,020)	-	-	-	-	(1,020)
Net carrying amount	<u>P</u>	<u>1,086,294</u>	<u>P 2,964,301</u>	<u>P 139,183</u>	<u>P 34,237</u>	<u>P 3,566,572</u>	<u>P 535</u>	<u>P 7,791,122</u>
December 31, 2021								
Cost	P	850,585	P 3,520,910	P 158,112	P 603,719	P 3,384,871	P 907	P 8,519,104
Accumulated depreciation and amortization	(	87,450)	(546,245)	(62,696)	(562,012)	-	(279)	(1,258,682)
Net carrying amount	<u>P</u>	<u>763,135</u>	<u>P 2,974,665</u>	<u>P 95,416</u>	<u>P 41,707</u>	<u>P 3,384,871</u>	<u>P 628</u>	<u>P 7,260,422</u>
January 1, 2021								
Cost	P	693,017	P 3,399,944	P 58,841	P 596,595	P 2,553,895	P 907	P 7,303,199
Accumulated depreciation and amortization	-		(360,075)	(12,439)	(529,392)	-	(186)	(902,092)
Net carrying amount	<u>P</u>	<u>693,017</u>	<u>P 3,039,869</u>	<u>P 46,402</u>	<u>P 67,203</u>	<u>P 2,553,895</u>	<u>P 721</u>	<u>P 6,401,107</u>

A reconciliation of the carrying amounts of property and equipment as of September 30, 2022 and December 31, 2021 shown below.

		<u>Land and Improvements</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 Asset</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated depreciation, amortization, and impairment	P	763,135	P 2,974,665	P 95,416	P 41,707	P 3,384,871	P 628	P 7,260,422
Additions				22,482	7,635	204,160	-	234,277
Reclassification		323,159	40,653	38,601	-	(22,459)	-	379,954
Depreciation and amortization charges for the year	-		(51,017)	(17,316)	(15,105)	-	(93)	(83,531)
Net carrying amount	<u>P</u>	<u>1,086,294</u>	<u>P 2,964,301</u>	<u>P 139,183</u>	<u>P 34,237</u>	<u>P 3,566,572</u>	<u>P 535</u>	<u>P 7,791,122</u>
Balance at January 1, 2021, net of accumulated depreciation, amortization, and impairment	P	693,017	P 3,039,869	P 46,402	P 67,203	P 2,553,895	P 721	P 6,401,107
Additions	-		982	57,704	5,844	830,923	-	895,453
Acquired through asset acquisition	6		861	382	127	-	-	1,376
Reclassification		70,112	-	-	-	53	-	70,165
Depreciation and amortization charges for the year	-		(67,047)	(9,072)	(31,467)	-	(93)	(107,679)
Net carrying amount	<u>P</u>	<u>763,135</u>	<u>P 2,974,665</u>	<u>P 95,416</u>	<u>P 41,707</u>	<u>P 3,384,871</u>	<u>P 628</u>	<u>P 7,260,422</u>

Depreciation charges are reported as part of Depreciation and amortization under Other Operating Expenses section in the consolidated statements of comprehensive income.

Certain fully depreciated assets with acquisition costs of P539,419 as of September 30, 2022 are still being used in the Group's operations.

The Company's property and equipment is subject to impairment testing whenever there is an indication of impairment. There is no indication of impairment on property and equipment as of September 30, 2022 and December 31, 2021.

11. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of intangible assets as of September 30, 2022 and December 31, 2021 shown below.

	<u>Software Licenses</u>	<u>Land Use Rights</u>	<u>Total</u>
September 30, 2022			
Cost	P 48,826	P 164,213	P 213,039
Accumulated amortization	(37,678)	(1,106)	(38,784)
Net carrying amount	<u>P 11,148</u>	<u>P 163,107</u>	<u>P 174,255</u>
December 31, 2021			
Cost	P 44,355	P 164,213	P 208,568
Accumulated amortization	(35,927)	(1,106)	(37,033)
Net carrying amount	<u>P 8,428</u>	<u>P 163,107</u>	<u>P 171,535</u>
January 1, 2021			
Cost	P 36,131	P 164,213	P 200,344
Accumulated amortization	(34,618)	(1,053)	(35,671)
Net carrying amount	<u>P 1,513</u>	<u>P 163,160</u>	<u>P 164,673</u>

A reconciliation of the carrying amounts of intangible assets as of September 30, 2022 and December 31, 2021 shown below.

	<u>Software Licenses</u>	<u>Land Use Rights</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated amortization	P 8,428	P 163,107	P 171,535
Additions	2,311	-	2,311
Reclassification	2,160	-	2,160
Amortization charges for the year	(1,751)	-	(1,751)
Balance at September 30, 2022, net of accumulated amortization	<u>P 11,148</u>	<u>P 163,107</u>	<u>P 174,255</u>
Balance at January 1, 2021, net of accumulated amortization	P 1,513	P 163,160	P 164,673
Additions	8,340	-	8,340
Deconsolidation	(45)	-	(45)
Amortization charges for the year	(1,380)	(53)	(1,433)
Balance at December 31, 2021, net of accumulated amortization	<u>P 8,428</u>	<u>P 163,107</u>	<u>P 171,535</u>

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

Intangible assets with finite useful lives are subject to impairment testing whenever there is an indication of impairment. There were no indication of impairment in 2022 and 2021 as determined by management.

The amount of amortization charges were presented as part of Depreciation and amortization under Other Operating Expenses section in the consolidated statements of comprehensive income.

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

12. OTHER NONCURRENT ASSETS

This account consists of the following as of September 30, 2022 and December 31, 2021:

	<u>Notes</u>		
Input VAT clearing	12.1	P	276,293
Goodwill	12.2		27,462
Financial assets at FVOCI	12.3		13,610
			<hr/>
Balance at the end of the period		P	317,365
			<hr/>

12.1 Input VAT clearing

Input VAT clearing pertains to the recognized input VAT of the unpaid portion of the purchased raw land property from a related party (See Note 6).

12.1 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 also assessed that the entities will continue as a going concern entity and will have sufficient financial resources to finance its working capital requirements to achieve its projected forecast and to support its business needs. No impairment loss was needed to be recognized in 2022 and 2021.

12.2 Financial Assets at FVOCI

The fair values 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.

13. LOANS AND BORROWINGS

In the normal course of business, the Group obtains from local financial institutions unsecured, short-term, interest-bearing loans for the acquisitions of parcels of land, development of its real estate projects and property and equipment, additional investment in an associate and working capital requirements. These loans are renewable on a monthly basis and bear annual interest rates ranging from 2.00% to 4.00% in September 30, 2022 and 2.01% to 3.00% in December 31, 2021. The related loan agreements do not contain loan covenant provisions.

Interest expense charged to operations amounted to P192,798 and P210,750 in 2022 and 2021, respectively, and is presented as part of Finance Costs account in the consolidated statements of comprehensive income. Unpaid interest amounting to P33,474 and P19,608 as of September 30, 2022 and December 31, 2021, respectively, is shown as part of Other payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 14).

No assets are pledged as collateral to the existing loans as of September 30, 2022 and 2021.

14. TRADE AND OTHER PAYABLES

This account is composed of:

	Notes	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:			
Accounts payable		P 1,341,216	P 1,559,159
Retention payable		116,569	226,993
Taxes payable		129,970	139,398
Provisions		4,564	4,564
Other payables	13	102,281	73,527
		1,694,600	2,003,641
Noncurrent:			
Accounts payable	6	6,056,963	-
		P 7,751,563	P 2,003,641

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

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

Noncurrent portion of the trade and other payables include the remaining payable of the Group for the purchase of subsidiary through asset acquisition and purchase of land from a related party this year.

15. LEASES

The Group leases a certain building with remaining lease term of four years, which is currently being subleased by the Group to other parties. The outstanding obligation relating to this lease contract is presented as part of Lease Liabilities account in the consolidated financial statement of financial position. Moreover, the Group recognized Finance lease receivables under Receivables account on the portion of the building that are under sublease agreements classified as finance leases. The remaining portion of the building that is not under sublease agreement classified as finance leases is presented as Right-of-use assets under Investment Property account in the September 30, 2022 consolidated statement of financial position (see Note 9).

The Group also leases a certain parcel of land where one of its office buildings stands. The Group recognized Right-of-use asset for the leased land as part of Property and Equipment and Investment Property account (see Notes 9, 10) and the corresponding liability as part of Lease Liabilities account in the September 30, 2022 consolidated statement of financial position. The leases do not have variable lease payments which depend on an index or a rate. The leases are non-cancellable and do not contain an option to purchase the underlying lease asset outright at the end of the leases, or to extend the leases for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must also keep the properties in a good state of repair and return the properties in their original condition at the end of the leases. Further, the Group must incur maintenance fees on such properties in accordance with the lease contracts.

Lease liabilities presented in the consolidated statement of financial position as of September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Current	P 4,406	P 16,677
Non-current	<u>105,131</u>	<u>105,217</u>
	<u>P 109,537</u>	<u>P 121,894</u>

16. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The Group's related parties include intermediate parent company, associates, other entities under common control and the Group's key management and retirement fund plan as described below and in the succeeding pages. Related parties under common control are subsidiaries and associates of SMC through direct or indirect equity ownership.

The following are the transactions with related parties.

Related Parties	Notes	Period	Revenue From Related Parties	Purchases From Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Intermediate Parent Company	8,14	2022 P 2021	99,925 P 92,198	52,273 P 45,403	4,943 P 7,026	111,034 P 88,024	On demand or 30 days from the date of billing; Noninterest-bearing	Secured by advance rentals and security deposits, and unsecured
Under Common Control	8,9,14	2022 2021	783,244 645,965	6,550,819 103,355	495,118 277,213	6,182,289 183,389	On demand or 30 days from the date of billing or less than 2 to 4 years; Interest-bearing	Secured by advance rentals and security deposits, and unsecured
Associates		2022 2021	395 343	- 35,093	324,227 259,601	- -	On demand; Interest-bearing	Secured
			2022 P 883,564	P 6,603,092	P 824,288	P 6,293,323		
			2021 P 738,506	P 183,851	P 543,840	P 271,413		

- Revenue from related parties consist of lease income, management and other administrative fees, room revenues, sale of food and beverages and interest income from deposits with the Group's associate.
- Purchases from related parties consist of management and other administrative services, technical services and administration of the construction of the Group's real estate projects and purchase of raw materials and supplies.
- Amounts owed by related parties consist of contract receivables, accounts receivables, due from related parties, deposits and cash advances and equity advances. 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 equity advances are payable in cash on demand.
- 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.

17. EQUITY

17.1 Capital Stock

The Company's capital stock consists of:

	Shares		Amount	
	2022	2021	2022	2021
Capital stock – P10 par value				
Authorized	<u>1,500,000,000</u>	<u>1,500,000,000</u>	<u>P 15,000,000</u>	<u>P 15,000,000</u>
Issued and outstanding:				
Balance at beginning of year	1,130,172,748	961,389,690	P 11,301,727	P 9,613,897
Issued during the year	<u>222,671,050</u>	<u>168,783,058</u>	<u>2,226,710</u>	<u>1,687,830</u>
Balance at end of year	<u>1,352,843,798</u>	<u>1,130,172,748</u>	<u>13,528,437</u>	<u>11,301,727</u>
Subscription receivable	(17,895,000)	(17,895,000)	(178,950)	(178,950)
Treasury stock – at cost	<u>(315,771)</u>	<u>(315,771)</u>	<u>(9,515)</u>	<u>(9,515)</u>
Total outstanding	<u>1,334,633,027</u>	<u>1,111,961,977</u>	<u>P 13,339,972</u>	<u>P 11,113,262</u>

On January 30, 1998, San Miguel Properties Philippines, Inc. (SMPPPI) 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 Company 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 Company filed with the PSE the petition for voluntary delisting with May 6, 2013 as the effective date of the delisting of the Company's common shares from the PSE. On April 25, 2013, the PSE approved the voluntary delisting of the Company 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.

On June 29, 2017, SMC has agreed to subscribe 27,985,000 additional shares of the Company out of the 928,304,831 unissued shares from the approved increase of authorized capital stock in 2016. Total additions to Capital Stock and Additional Paid-in Capital accounts arising from the share subscription by the Intermediate Parent Company amounted to P279,850 and P278,451, respectively. Total costs directly related to the issuance of shares amounting to P1,399 were deducted from the Additional Paid-in Capital account.

On February 19, 2018, SMC subscribed additional shares of the Company from the unsubscribed portion of the existing authorized capital stock in the amount of P1,250,000 divided into 62,500,000 shares with par value of P10 per share. Total additions to Capital Stock and Additional Paid-in Capital accounts amounted to P625,000 and P618,750, respectively. Total costs directly related to the issuance of shares amounting to P6,250 were deducted from the Additional Paid-in Capital account.

On December 23, 2019, the Group issued additional shares to SMC from the unsubscribed portion of the existing authorized capital stock amounting to P1,150,000 divided into 57,500,000 shares with par value of P10 per share. This share issuance consequently resulted to total additions to capital stock and additional paid-in capital accounts amounting to P575,000 and P569,250, respectively. Total costs directly related to the issuance of shares amounting to P5,750 were deducted from the additional paid-in capital account.

In 2020, SMC, on separate occasions, subscribed to additional shares in the Parent Company from the unsubscribed portion of the existing authorized capital stock amounting to P4,827,875 divided into 241,393,750 shares with par value of P10.0 per share, of which P735,890 is still unpaid as of December 31, 2020. This subscription consequently resulted to total additions to capital stock and additional paid-in capital accounts amounting to P2,045,993 and P2,021,853, respectively. Total costs directly related to the issuance of shares amounting to P24,140 were deducted from the Additional Paid-in Capital account.

In 2021, SMC, on separate occasions, subscribed to additional shares in the Parent Company from the unsubscribed portion of existing authorized capital stock amounting to P3,375,661 divided into 168,783,058 shares with a par value of P10 per share, of which P357,900 is still unpaid as of December 31, 2021. This subscription, including the collection of subscription receivables from prior years, consequently resulted to total additions to Capital Stock and Additional Paid-in Capital accounts amounting to P1,876,826 and P1,858,291, respectively. Total costs amounting to P18,535 directly attributable to the issuance of shares were deducted from the Additional Paid-In capital account.

On separate occasions in 2022, the Group issued additional shares to SMC from the unsubscribed portion of the existing authorized capital stock amounting to P4,453,421 divided into 222,671,050 shares with par value of P10 per share. This share issuance consequently resulted to total additions to capital stock and additional paid-in capital accounts amounting to P2,226,710 and P2,204,443, respectively. Total costs directly related to the issuance of shares amounting to P22,267 were deducted from the additional paid-in capital account.

The Company has more than 200 stockholders holding shares of the Company's capital stock as of September 30, 2022 and December 31, 2021. The Company is still qualified to be a public corporation based on its quasi-public registration with the SEC.

As of September 30, 2022 and December 31, 2021, the Company has 75 stockholders owning 100 or more shares each of the Company's capital stock.

17.2 *Restriction on Retained Earnings*

Retained earnings is restricted for dividend declaration in the amount of P9,515 equivalent to the cost of the 315,771 shares held in treasury as of September 30, 2022 and December 31, 2021, and also, the accumulated share in profit of associates amounting to P3,027,015 and P2,775,847 for the periods then ended.

17.3 *Appropriation of Retained Earnings*

In 2011, the BODs approved the appropriation of P5,000,000 of the Group's retained earnings for its existing and pipeline real estate projects. On March 14, 2017, the Company's BOD reversed the appropriation amounting to P5,000,000 as the purpose for which such appropriations were made has been completed. Also on the same date, the Company's BOD approved the appropriation of P4,500,000 of the Company's retained earnings for the development of Caticlan project from 2017 to 2022.

17.4 *Other Reserves*

In 2022, the Group increased its ownership interest in the subsidiaries acquired through asset acquisition to 94% for a total consideration of P900,000. Such change in ownership interest did not result to obtaining or losing control; hence, the difference between the consideration paid and the additional share acquired by the Group amounting to P69,476 is recognized as part of Other Reserves under the Equity section of the September 30, 2022 consolidated statement of equity.

In 2018 and 2016, the excess of the total consideration and the acquired interest of Zee2 Resources and Geosolutions amounting to P10,216 and P182,099, respectively, is presented as part of Other Reserves in the consolidated statements of changes in equity. The total consideration paid in the acquisition in 2018 and 2016 amounted to P229,500 and P290,700, respectively.

In 2010, GSIS exercised the put option which gave the Company 100% equity ownership interest in SMPI Flagship. This resulted in the recognition of Other Reserves that pertain to the excess of the exercise price of the put option paid by the Company and its corresponding share in the additional net assets of SMPI Flagship amounting to P88,200.

18. EARNINGS PER SHARE

Basic and diluted earnings per share amounts as of September 30, 2022 were computed as follows:

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Net profit (loss) attributable to owners of the parent company for the period	P 509,594	P 296,246
Divided by weighted average number of outstanding common shares (<i>in thousands</i>)	1,172,067	960,030
Earnings (loss) per share – basic and diluted	P 0.43	P 0.31

The weighted average number of shares as of September 30, 2022 is computed as follows:

	<u>Number of Shares</u>	<u>Months Outstanding</u>	<u>Weighted Number of of Shares</u>
Balance at beginning of year	1,089,694,477	12	13,076,333,724
	22,267,500	9	200,407,500
Share issuance during period	60,035,000	7	420,245,000
	40,063,000	5	200,315,000
	41,876,050	4	167,504,200
	80,697,000	0	-
Balance at end of year	<u>1,334,633,027</u>		14,064,805,424
Divided by			<u>12</u>
Weighted average number of shares outstanding			<u>1,172,067,119</u>

Diluted earnings per share equal the basic earnings per share since the Company does not have dilutive shares as of September 30, 2022 and December 31, 2021.

19. RISK MANAGEMENT OBJECTIVES AND POLICIES

It is the Group's policy to ensure that capabilities exist for active and prudent management of its financial risks. The Group does not engage in any speculative derivative transactions. The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's principal financial instruments include non-derivative instruments which arise directly from its operations. The financial risks to which the Group is exposed to are described below and in the succeeding page.

19.1 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 pesos which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash in bank. However, the amount is insignificant as of September 30, 2022 and

December 31, 2021. 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.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

In managing interest rate, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on consolidated earnings.

The table below illustrates the sensitivity of consolidated profit before tax for the years in regards to the Group's cash and cash equivalents and interest-bearing loans and borrowings. These percentages have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at end of the reporting periods.

	September 30, 2022 (Unaudited)		September 30, 2021 (Unaudited)	
	Reasonably possible change in rate	Effect in Profit or loss before tax	Reasonably possible change in rate	Effect in Profit or loss before tax
Profit or loss before tax:				
Net increase	+ 1.40 %	(P 35,041)	+ 1.56 %	(P 39,629)
Net decrease	- 1.40 %	35,041	- 1.56 %	39,629

(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 is not material. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investment.

19.2 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 estates are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures. The Group has provided allowance for impairment on receivables, where necessary, 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 while the Group's rental receivables are effectively collateralized by security deposits and advance rental 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.

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 is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position as of September 30, 2022 and December 31, 2021 (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash and cash equivalents	P 3,452,049	P 2,018,829
Receivables - net (excluding advances to contractors)	906,173	718,941
Contract assets	-	780
	<u>P 4,358,222</u>	<u>P 2,738,550</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 are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500 for every depositor per banking institution.

(b) *Receivables and Contract Assets*

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all Receivables and Contract assets.

The Group's Contract receivables and Contract assets relate mostly to receivables from third 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.

ECL for the Group's accounts receivables and 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 Accounts receivable, Rental receivables and Due from related parties are also evaluated by the Group for impairment and assessed that no ECL should be provided based on the available liquid assets and credit standing of the counterparties. Further, rental receivable is secured to the extent of advance rental and rental deposit received from the lessees.

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.

19.3 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 (excluding unpaid taxes and provisions) as of September 30, 2022 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
Loans and borrowings	P 11,585,474	P -	P -	P -
Trade and other payables	1,448,062	116,569	4,037,975	2,018,988
Rental deposits	38,165	34,867	28,408	7,661
Lease Liabilities	-	4,406	68,582	36,549
Due to related parties	<u>33,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P 13,105,058</u>	<u>P 155,842</u>	<u>P 4,134,965</u>	<u>P 2,063,198</u>

The maturity profile of the Group's financial liabilities (excluding unpaid taxes and provisions) as of December 31, 2021 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
Loans and borrowings	P 11,946,709	P -	P -	P -
Trade and other payables	1,637,250	226,993	-	-
Rental deposits	23,082	57,411	6,618	10,991
Lease Liabilities	-	16,677	68,668	36,549
Due to related parties	<u>33,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P 13,640,398</u>	<u>P 301,081</u>	<u>P 75,286</u>	<u>P 47,540</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.

20. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 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.

		September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Financial assets at amortized cost:					
Cash and cash equivalents		P 3,454,129	P 3,454,129	P 2,018,829	P 2,018,829
Receivables – net (excluding advances to contractors)		906,173	906,173	718,941	718,941
Contract Asset		-	-	780	780
Financial assets at FVOCI	12	<u>13,610</u>	<u>13,610</u>	<u>13,610</u>	<u>13,610</u>
		<u>P 4,373,912</u>	<u>P 4,373,912</u>	<u>P 2,752,160</u>	<u>P 2,752,160</u>
Financial liabilities					
Financial liabilities at amortized cost:					
Loans and borrowings	13	P 11,585,474	P 11,585,474	P 11,927,100	P 11,927,100
Trade and other payables	14	7,621,594	7,621,594	1,864,244	1,864,244
Lease liabilities	15	109,537	109,537	121,894	121,894
Due to related parties	16	33,357	33,357	33,357	33,357
Rental deposits		<u>109,101</u>	<u>109,101</u>	<u>98,102</u>	<u>98,102</u>
		<u>P 19,459,063</u>	<u>P 19,459,063</u>	<u>P 14,044,697</u>	<u>P 14,044,697</u>

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 19.

20.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2022 and 2021 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 Note 16 can be potentially offset to the extent of their corresponding outstanding balances.

21. FAIR VALUE MEASUREMENT AND DISCLOSURES

21.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and nonfinancial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which

fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Group is the current bid price.

21.2 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 September 30, 2022 and December 31, 2021 approximate their fair value. Except for cash and cash equivalents which is classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

21.3 Fair Value Measurement of Financial Assets

The Group's golf club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

There is no change in fair value of these financial assets in September 30, 2022 and December 31, 2021. Any changes in fair value is presented as Fair Value Gains account in the consolidated statements of comprehensive income and the accumulated changes is presented as part of Accumulated Fair Value Gains (Losses) – net account in the Equity section of the consolidated statements of financial position.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in September 30, 2022 and December 31, 2021.

The Group has no financial liabilities measured at fair value as of September 30, 2022 and December 31, 2021.

21.4 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 September 30, 2022 and December 31, 2021.

22. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to stockholders or issue new shares.

The Group defines capital as paid-in capital stock, which includes additional paid-in capital and retained earnings, both the restricted and available for dividend declaration portions. Other components of equity such as treasury shares and revaluation reserves are excluded from capital for purposes of capital management. The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities (excluding deferred tax liabilities – net) divided by total equity attributable to owners of the Company [excluding accumulated fair value gains (losses) – net, cumulative translation adjustment and reserve for retirement plan]. Capital for the reporting periods as of September 30, 2022 and December 31, 2021 under review is summarized as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total adjusted liabilities	P 19,862,951	P 14,486,063
Total adjusted equity	35,570,224	30,698,955
Debt-to-equity ratio	0.56:1.00	0.47:1.00

The Group, except for BOC which is subject to certain capitalization requirement by the BSP, is not subject to externally imposed capital requirements.

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

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Properties, Inc. (“SMPI” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of and for the period ended September 30, 2022 (with comparative figures as of December 31, 2021 and for the period ended September 30, 2021). All necessary adjustments to present fairly the consolidated financial position, performance and cash flows of the Group as of September 30, 2022, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the unaudited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2022 KEY TRANSACTIONS

(a) Additional subscription

San Miguel Corporation (“Parent Company”) made additional subscription to the Company worth P4.4B or equivalent to Two Hundred Twenty-Two Million Six Hundred Seventy-One Thousand Fifty (222,671,050) common shares at P20 per share (at P10 additional paid-in capital per share).

During the third quarter of 2022, the Company increases its subscription in the following subsidiaries: (1) P233M in Moonspring Development Inc., (2) P132M in E-Fare Investment Holdings and (3) P19M in various subsidiaries. The subscription was fully paid during the same period.

The Company also made additional deposits for future stock subscription to the following subsidiaries: (1) High Garden – P843M; (2) Bricktree Properties – P784M; (3) La Belle Plume – P103M; (4) Quick Silver – P69M; (5) E-Fare Investment – P68M; (6) Zee2 Resources – P49M and (7) various subsidiaries – P45M.

(b) Acquisition of new subsidiaries

During the year, the Company acquired 100% ownership of the following corporations:

- (1) Ondarre Holding Corporation;
- (2) Soracil Prime Inc.

(c) Acquisition of properties

During the quarter, the Company acquired properties located in NCR and Central and Southern Luzon which were accounted under Raw Land and Deposits on Land for Future Development.

II. FINANCIAL PERFORMANCE

2022 vs. 2021

In Millions PHP	Unaudited	Unaudited	Changes	
	2022	2021	Amount	%
REVENUES				
Rental income	548	511	37	7%
Room revenues	449	301	148	49%
Service income	325	202	123	61%
Sale of food and beverages	120	44	76	173%
Real estate sales	64	221	-157	-71%
Others	14	8	6	75%
	1,520	1,287	233	
COSTS OF SALES AND SERVICES				
Service Cost	221	142	79	56%
Real estate sold	46	76	-30	-39%
Room services	240	170	70	41%
Rentals	95	84	11	13%
Food and beverages sold	119	63	56	89%
	721	535	186	35%
GROSS PROFIT	799	752	47	6%
OTHER OPERATING EXPENSES	454	387	67	17%
OPERATING PROFIT	345	365	-20	
OTHER INCOME (CHARGES)				
Share in profit of associates	425	257	168	65%
Finance costs	-256	-275	19	-7%
Finance income	28	23	5	22%
Miscellaneous income (charges) - net	-14	-65	51	-78%
	183	-60	243	
PROFIT BEFORE TAX	528	305	223	73%
TAX EXPENSE	26	9	17	189%
NET PROFIT AFTER TAX	502	296	206	70%
NONCONTROLLING INTEREST	-7	-	-7	-100%
NET PROFIT	509	296	213	72%

The Group ended the third quarter with P509 million net income attributable to the net owners of the parent company from P296 million net income in 2021. This was mainly due to the improvement of revenue attributable to higher hotel revenue and service income coupled by the increase in share in earnings in associates and decrease in finance cost.

Real estate sales decreased by 71% mainly due to sale of properties to a related party amounting to P93 million in 2021 and lower sales take up on residential sales due to depleting inventory level.

Revenue from the Group's hotel business comprising of room revenues, sale of food and beverages, and others increased from P353 million to P583 million. This was mainly attributable to the increase in occupancy rate of Makati Diamond Residences (MDR) from 68% to 75% due to easing of government mobility restrictions to the lowest level.

Rental income increased by 7% mainly due to new lease contracts in 2022.

Service income increased by P123 million because of the increase in volume and scope of services rendered.

Cost of sales increased by 35% primarily because of the increase in hotel revenue and service income.

The Group's operating expenses posted a 17% increase as compared with 2021 mainly due to increase in manpower cost, higher contracted jobs, increased in transportation and travel, and increased in taxes and licenses paid for the additional stock subscription, reduced by lower sales commission due to depleting inventory.

Share in net earnings of associates increased from P257 million to P425 million in 2022 mainly due to higher income earned by Bank of Commerce (BOC).

Finance costs decreased by 7% mainly due to repayment of loans.

Finance income increased by P5 million mainly due to higher interest earned from placements.

Miscellaneous income (charges) – net decreased from P65 million to P14 million charges due to lower donations on various relocation projects of the Group.

Tax expense increased by P17 million mainly due to higher interest income and taxable income, reduced by the recognition of net operating loss carry over (NOLCO) and minimum corporate income tax (MCIT).

Noncontrolling interest decreased by P7 million mainly due to higher net loss of certain subsidiary.

2021 vs. 2020

In Millions PHP	Unaudited	Unaudited	Changes	
	2021	2020	Amount	%
REVENUES				
Rental income	511	509	2	0%
Real estate sales	221	842	-621	-74%
Room revenues	301	255	46	18%
Service income	202	160	42	26%
Sale of food and beverages	44	60	-16	-27%
Others	8	9	-1	-11%
	1,287	1,835	-548	
COSTS OF SALES AND SERVICES				
Room services	170	202	-32	-16%
Service Cost	142	67	75	112%
Real estate sold	76	603	-527	-87%
Rentals	84	73	11	15%
Food and beverages sold	63	82	-19	-23%
	535	1,027	-492	-48%
GROSS PROFIT	752	808	-56	-7%
OTHER OPERATING EXPENSES	387	450	-63	-14%
OPERATING PROFIT	365	358	7	
OTHER INCOME (CHARGES)				
Finance costs	-275	-390	115	-29%
Share in profit of associates	257	202	55	27%
Finance income	23	25	-2	-8%
Miscellaneous income (charges) - net	-65	8	-73	-913%
	-60	-155	95	
PROFIT BEFORE TAX	305	203	102	50%
TAX EXPENSE	9	53	-44	-83%
NET PROFIT AFTER TAX	296	150	146	97%
NONCONTROLLING INTEREST	-	-2	2	-100%
NET PROFIT	296	152	144	95%

The Group ended third quarter of 2021 with P296 million net income attributable to the net owners of the parent company from P152 million net income in 2020. This was mainly due to the lower operating expenses, lower finance cost, and lower tax expense.

Real estate sales decreased by 74% mainly due to lower sale of properties to related party in 2021.

Revenue from the Group's hotel business comprising of room revenues, sale of food and beverages, and others increased by 9%. This was mainly attributable to the change in accreditation type from leisure to quarantine hotel which was subject to rate capping imposed by Government.

Service income increased by 26% mainly due to the increase in volume and scope of services.

Cost of sales decreased by 48% mainly attributable to the lower sales in 2021.

Operating expenses decreased by 14% mainly due to reclassification of personnel and contracted expenses to cost of service.

Finance costs decreased by 29% mainly due to lower interest rate from 4.32% to 2.48% and repayment of loans.

Share in profit of associates increased by P55 million mainly due to higher net income by Bank of Commerce (BOC).

Finance income decreased by P2 million mainly due to lower interest earned from placements.

Miscellaneous income (charges) – net decreased from P8 million income to P65 million charges due to the donations made in 2021.

Tax expense lowered by P 44 million due to lower collection in 2021, impact of CREATE bill and reduction of net operating loss carry over (NOLCO) in prior year.

III. FINANCIAL POSITION

2022 vs. 2021

In Millions Php	Unaudited	Audited	Changes	
	2022	2021	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	3,454	2,019	1,435	71%
Receivables - net	391	437	-46	-11%
Real estate projects	1,410	1,440	-30	-2%
Raw land inventory	6,166	3,341	2,825	85%
Other current assets - net	1,868	1,746	122	7%
	13,289	8,983	4,306	
NONCURRENT ASSETS				
Receivables - net	867	678	189	28%
Deposits on land for future development	2,166	2,200	-34	-2%
Equity advances and investments in associates	11,948	11,844	104	1%
Investment property - net	19,091	15,225	3,866	25%
Property and equipment - net	7,791	7,260	531	7%
Intangible assets - net	174	172	2	1%
Deferred tax assets - net	100	70	30	43%
Other noncurrent assets - net	317	41	276	673%
	42,480	37,526	4,954	
CURRENT LIABILITIES				
Loans and borrowings	11,552	11,927	-375	-3%
Trade and other payables	1,695	2,003	-308	-15%
Lease liabilities	4	17	-13	-76%
Due to related parties	33	33	0	0%
Advance rentals and deposits	250	230	20	9%
Customers' deposits	166	169	-3	-2%
Income tax payable	1	2	-1	-50%
	13,701	14,381	-680	
NONCURRENT LIABILITIES				
Trade and other payables	6,057	0	6,057	100%
Lease liabilities	105	105	0	0%
Deferred tax liabilities - net	113	89	24	27%
	6,275	194	6,081	
EQUITY				
Capital stock	13,350	11,123	2,227	20%
Additional paid-in capital	12,777	10,573	2,204	21%
Treasury shares - at cost	-10	-10	0	0%
Accumulated fair value gain (loss)	-277	-104	-173	166%
Cumulative translation adjustment	2	3	-1	-33%
Reserve for retirement plan	-123	-123	0	0%
Other reserves	-373	-304	-69	23%
Retained earnings	9,826	9,317	509	5%
Noncontrolling interest	621	1,459	-838	-57%
	35,793	31,934	3,859	

Cash and cash equivalents increased by 71% mainly due to additional subscription received from Parent Company and collections received amounting to P4.4 billion and P1.0 billion, respectively, reduced by payment for various land acquisitions, payment to contractors and operating expenses.

Receivables – net posted a 13% increase mainly because of additional advances to supplier, lease and hotel receivables.

Raw land inventory increased by 85% mainly due to acquisition of properties in CALABARZON region.

Other current and non-current assets - net increased by 22% primarily due to higher input vat pertaining to land acquisitions and additions brought by the newly acquired subsidiaries.

Investment property - net increased by 25% because of the additions in land from the newly acquired subsidiaries located in NCR.

Property and equipment – net increased by 7% mainly due to additional purchases made for the project in Southern Luzon.

Retirement benefits asset decreased by P10 million mainly due to recognition of additional pension cost in 2022.

Deferred tax assets - net increased by P30 million mainly due to additional provision and recognition of NOLCO and MCIT.

Current and noncurrent trade and other payables increased by P6 billion mainly due to recognition of payable for the newly acquired subsidiaries and land acquisition reduced by settlement of remaining payable on the purchase of additional share on various subsidiaries purchased in 2021 and payments made to contractors.

Lease liabilities decreased by P13 million due to payments made in 2022.

Advance rental and deposits increased by 9% due to additional lease contracts in 2022.

Income tax payable decreased by P1 million due to lower taxable income of certain subsidiary.

Deferred tax liabilities - net increased by 27% mainly due to additional recognition of PAS17 on the Group's lease contracts.

Capital stock and additional paid-in capital increased by 20% mainly due to the additional subscription of Parent Company.

Accumulated fair value losses increased from P104 million to P277 million due to the share in the unrealized loss recognized on Bank of Commerce's (BOC) financial assets measured at fair value through profit and loss (FVTPL).

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

Other reserves increased by 23% while Noncontrolling interest decreased by 57% due to the acquisition of additional shares in 2021 acquired subsidiaries.

2021 vs. 2020

In Millions Php	Unaudited	Audited	Changes	
	2021	2020	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	1,450	1,151	299	26%
Receivables - net	490	494	-4	-1%
Real estate projects	1,432	1,483	-51	-3%
Raw land inventory	3,399	2,583	816	32%
Other current assets - net	1,641	1,553	88	6%
	8,412	7,264	1,148	
NONCURRENT ASSETS				
Receivables - net	943	1,083	-140	-13%
Deposits on land for future development	2,573	2,114	459	22%
Equity advances and investments in associates	11,246	14,140	-2,894	-20%
Investment property - net	14,770	10,197	4,573	45%
Property and equipment - net	6,618	6,401	217	3%
Intangible assets - net	168	165	3	2%
Deferred tax assets - net	80	95	-15	-16%
Other noncurrent assets - net	41	41	0	0%
	36,439	34,236	2,203	
CURRENT LIABILITIES				
Loans and borrowings	12,516	12,646	-130	-1%
Trade and other payables	1,691	1,680	11	1%
Lease liabilities	7	14	-7	-50%
Due to related parties	33	33	0	0%
Advance rentals and deposits	232	238	-6	-3%
Customers' deposits	160	159	1	1%
Income tax payable	0	1	-1	-100%
	14,639	14,771	-132	
NONCURRENT LIABILITIES				
Lease liabilities	122	122	0	0%
Retirement benefit liability	3	5	-2	-40%
Deferred tax liabilities - net	66	67	-1	-1%
	191	194	-3	
EQUITY				
Capital stock	10,160	9,246	914	10%
Additional paid-in capital	9,624	8,714	910	10%
Treasury shares - at cost	-10	-10	0	0%
Accumulated fair value gain (loss)	-48	-16	-32	200%
Cumulative translation adjustment	-1	-6	5	-83%
Reserve for retirement plan	-227	-224	-3	1%
Other reserves	-281	-281	0	0%
Retained earnings	8,951	8,757	194	2%
Noncontrolling interest	1,853	355	1,498	422%
	30,021	26,535	3,486	

Cash increased by 26% mainly due to additional subscription and collections received in 2021, reduced by payment for land acquisitions, taxes, interest and bank charges.

Raw land inventory increased by 32% mainly due to the additions in land from the newly acquired subsidiaries located in Southern Luzon.

Other current and non-current assets – net increased by 6% in 2021 mainly attributed to the unamortized real property taxes, higher input vat due to land acquisitions and additions brought by the newly acquired subsidiaries.

Receivables – net decreased by 9% due to collections made in 2021.

Deposits on land for future development increased by 22% mainly due to the additions in Southern and Central Luzon and Western Visayas.

Equity advances and investments in associates decreased by 20% mainly due to realization of deposit for investment for the purchased subsidiaries.

Investment property – net increased by 45% because of the additions in land from the newly acquired subsidiaries located in Southern Luzon.

Deferred tax asset decreased from P95 million to P80 million mainly due to reduction of NOLCO of certain subsidiaries and impact of CREATE law.

Lease liabilities decreased from P14 million to P7 million mainly due to the payments made in 2021.

Income tax payable decreased by P1 million due to the recognition of CREATE law impact on 2020 provision.

Retirement benefit liability decreased by P2 million mainly due to the contribution made for the period and recognition of cost.

Capital stock and additional paid-in capital increased by 10% mainly due to additional subscription from SMC.

Accumulated fair value losses increased by P32 million due to the share in the unrealized loss recognized on Bank of Commerce's (BOC) financial assets measured at fair value through profit and loss (FVTPL).

Cumulative translation adjustment decreased by P5 million due to the share in translation adjustments recognized by BOC.

Noncontrolling interest increased by P1.5 billion due to the newly acquired subsidiaries.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movement is shown below:

<i>(In thousands)</i>	September 30	
	2022	2021
Net cash from (used in) operating activities	(P 563,805)	(P 164,819)
Net cash used in investing activities	(1,814,003)	(1,046,626)
Net cash from financing activities	3,813,108	1,511,386

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

Net cash used in investing activities includes the following:

<i>(In thousands)</i>	September 30	
	2022	2021
Additions to investment property	(P 283,077)	(P 250,847)
Acquisitions of property and equipment	(251,063)	(268,408)
Interest received	13,402	1,304
Additional equity advances	(2,652)	-
Acquisition of additional interest in various subsidiaries	(900,000)	(524,973)
Acquisition of intangible assets	(4,471)	(3,702)
Acquisition of subsidiaries, net of cash and cash equivalents received	(386,142)	-
Net cash used in investing activities	(P 1,814,003)	(P 1,046,626)

Net cash from financing activities includes the following:

<i>(In thousands)</i>	September 30	
	2022	2021
Net loan repayments	(P 375,100)	(P 130,800)
Interest paid	(235,705)	(177,892)
Collection of lease receivables	4,701	2,972
Repayment of lease liabilities	(8,098)	(5,417)
Proceeds from issuance of shares of stock	4,453,422	1,832,301
Share issuance costs paid	(26,112)	(9,778)
Net cash from financing activities	P 3,813,108	1,511,386

V. KEY PERFORMANCE INDICATORS

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

Key Performance Indicators	September 30, 2022	December 31, 2021
Current Ratio	0.97 : 1.00	0.62 : 1.00
Total Assets to Equity Ratio	1.56 : 1.00	1.46 : 1.00
Debt to Equity Ratio	0.56 : 1.00	0.45 : 1.00
Return on Average Equity Attributable to Owners of the Parent Company	1.55%	1.91%
	Period Ended September 30	
	2022	2021
Volume Growth		
Lease	1.23%	(0.54%)
Real Estate Sales	(76.74%)	(27.93%)
Hotel	9.88%	42.46%
Service income	60.32%	26.62%
Revenue Growth	17.98%	(29.76%)
Operating Margin	22.70%	28.41%
Interest Coverage Ratio	4.24 : 1	2.54 : 1

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

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

V. 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 one to five years, with renewal options, and include annual escalation rates of 3% to 7%.

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

<i>(In Thousands)</i>	September 30, 2022	December 31, 2021
Within one year	P 581,542	P 495,925
After one year but not more than five years	1,037,553	935,277
After five years but not more than ten years	3,009,665	1,213,570
More than ten years	2,581,722	4,487,695
	P 7,210,482	P 7,132,467

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 the end of 2016 and was renewed for another 10 years. In 2020, the Company adopted the new standard PFRS 16, *Leases*.

3. *Legal Claims*

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

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 has material effect on the financial condition or results of operations.

c. Others

1. On December 23, 2021, the Monetary Board of the BSP, in its Resolution No. 1798, approved the upgrade of the banking license of BOC from commercial bank to universal bank, subject to the public offering of its shares and listing the same with the PSE within one year from the date of the grant of the universal banking license.

On February 15, 2022, the SEC issued its pre-effective letter relating to the registration of securities of up to 1,403,013,920 common shares of BOC to be listed and traded in the Main Board of the PSE in relation to its initial public offering. On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BOC, which includes the 280,602,800 common shares subject of the initial public offering. The 1,403,013,920 common shares of BOC were listed with the Main Board of the PSE on March 31, 2022.

2. On March 23, 2021, a certain subsidiary received a Notice of Arbitration from the Construction Industry Arbitration Commission relative to a complaint filed by a certain contractor against such subsidiary. On February 28, 2022, the complaint was resolved and the subsidiary was required to pay the contractor for work performed relating to the subsidiary's project amounting to P90.3 million, which is net of claims awarded to that subsidiary. The liability was recognized as part of the Trade and Other Payables account in the 2021 consolidated statement of financial position. The corresponding work performed by the contractor was capitalized as part of Capital projects-in-progress under Property and Equipment account in the 2021 consolidated statement of financial position.

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

Companies	Net income (loss) after tax (in millions)	
	September 30, 2022	September 30, 2021
Associates	425	257
E-fare Investment Holdings Inc.	132	127
SMPI Makati Flagship Realty	59	-12
Lanes & Bi-Ways Realty Corp.	23	23
Bright Ventures Realty, Inc.	-47	-40
San Miguel Properties Inc.	-45	-13
Various subsidiaries	-38	-46
Consolidated net income	509	296

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Aging of Receivables
as of September 30, 2022
(Amounts in Thousand Philippine Pesos)

			TRADE RECEIVABLES PAST DUE				
<i>Total Receivables</i>	<i>Non-Current</i>	<i>Current</i>	<i>Not more than 30 days</i>	<i>More than 30 days but not more than 60 days</i>	<i>More than 60 days but not more than 90 days</i>	<i>More than 90 days</i>	
Trade	P 313,472	P 54,437	P 67,418	P 128,724	P 22,268	P 12,821	P 27,804
Non-Trade	<u>944,256</u>	<u>812,077</u>	<u>29,058</u>	<u>33,333</u>	<u>1,481</u>	<u>1,468</u>	<u>66,839</u>
	<u>P 1,257,728</u>	<u>P 866,514</u>	<u>P 96,476</u>	<u>P 162,057</u>	<u>P 23,749</u>	<u>P 14,289</u>	<u>P 94,643</u>