C O V E R   S H E E T

SEC Registration Number

0	0	0	0	0	0	3	7	3	3	8

COMPANY NAME

SAN MIGUEL PROPERTIES, INC.
AND SUBSIDIARIES

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
17Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
909	2nd Wednesday of May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MARIA ALMA C. GERONIMO	mgeronimo@sanmiguel.com.ph	632-3288	

CONTACT PERSON's ADDRESS

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

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

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 **MARCH 31, 2023**

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 March 31, 2023
Common Shares	1,352,343,027
Total Liabilities (in '000)	24,018,678

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 March 31, 2023 (with comparative figures as of December 31, 2022 and for the period ended March 31, 2022) 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 05/11/2023

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2023 AND DECEMBER 31, 2022
(Amounts in Thousand Philippine Pesos)

	Notes		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	18, 19	P	1,706,538	P	2,008,455
Receivables - net	18, 19		356,752		397,982
Real estate projects	4		1,401,724		1,500,792
Raw land inventory	5		9,311,702		9,311,702
Other current assets - net			2,160,013		2,155,446
Total Current Assets			14,936,729		15,374,377
NONCURRENT ASSETS					
Receivables - net	18, 19		781,050		774,223
Deposits on land for future development	6		1,885,722		1,805,251
Equity advances and investments in associates	7		12,098,080		11,860,870
Investment property - net	8		20,672,538		20,523,137
Property and equipment - net	9		7,984,487		7,940,484
Intangible assets - net	10		174,201		173,976
Retirement benefit asset			19,262		22,738
Deferred tax assets - net			200,592		166,598
Other noncurrent assets - net	11		520,240		520,240
Total Noncurrent Assets			44,336,172		43,787,517
TOTAL ASSETS		P	59,272,901	P	59,161,894

	Notes	March 31, 2023 (Unaudited)	December 31, 2021 (Audited)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans and borrowings	12, 18, 19	11,358,900	P 11,475,900
Trade and other payables	13, 18, 19	4,294,043	4,281,988
Lease liabilities	15, 19	18,573	22,790
Due to related parties	15, 18, 19	33,357	33,357
Advance rentals and deposits	15, 18, 19	57,254	135,743
Customers' deposits		180,928	171,250
Income tax payable		401	669
Total Current Liabilities		15,943,456	16,121,697
NONCURRENT LIABILITIES			
Advance rentals and deposits	15	192,126	114,591
Lease liabilities	14, 19	92,530	92,165
Deferred tax liabilities - net		133,745	126,635
Other noncurrent liabilities	13	7,656,821	7,656,821
Total Noncurrent Liabilities		8,075,222	7,990,212
Total Liabilities		24,018,678	24,111,909
EQUITY			
Equity attributable to owners of the Company			
Capital stock	16, 17	13,526,588	13,526,588
Additional paid-in capital	16	12,952,613	12,952,613
Treasury shares - at cost	16	(9,515)	(9,515)
Accumulated fair value gain loss	7	(267,815)	(310,890)
Cumulative translation adjustment	7	(1)	1,900
Reserve for retirement plan		(58,971)	(58,971)
Other reserves	16	(1,191,694)	(1,191,694)
Retained earnings	16, 17	9,863,665	9,700,113
Total equity attributable to owners of the Company		34,814,870	34,610,144
Noncontrolling interest		439,353	439,841
Total Equity		35,254,223	35,049,985
TOTAL LIABILITIES AND EQUITY		P 59,272,901	P 59,161,894

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 CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022
(Amounts in Thousand Philippine Pesos)

	Attributable to Owners of the Parent Company											
	Capital Stock (See Note 16)	Additional Paid-in Capital (See Note 16)	Treasury Shares - at Cost (See Note 16)	Accumulated Accumulated Fair Value Gains (Losses)	Cumulative Translation Adjustment	Reserve for Retirement Plan	Other Reserves (See Note 16)	Appropriated Retained Earnings (See Note 16)	Unappropriated Retained Earnings (See Note 16)	Total	Noncontrolling Interest	Total Equity
Balance at January 1, 2023	**13,526,588**	**12,952,613**	**(9,515)**	**(310,890)**	**1,900**	**(58,971)**	**(1,191,694)**	**4,500,000**	**5,200,113**	**34,610,144**	**439,841**	**35,049,985**
Transactions with owners												
Issuance of shares of stock									**(2,067)**	**(2,067)**		**(2,067)**
Asset acquisition with NCI										-		-
Acquisition of additional NCI										-		-
Total comprehensive income (loss) for the year	-	-	-	**43,075**	**(1,901)**	**(0)**	-	-	**165,619**	**206,793**	**(488)**	**206,305**
Balance at December 31, 2023	**13,526,588**	**12,952,613**	**(9,515)**	**(267,815)**	**(1)**	**(58,971)**	**(1,191,694)**	**4,500,000**	**5,363,665**	**34,814,870**	**439,353**	**35,254,223**
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	2,403,811	2,379,772							-	4,783,583	-	4,783,583
Transactions affecting										-		-
. Non-controlling interest							(888,022)			(888,022)	(1,007,670)	(1,895,692)
Total comprehensive income (loss) for the year	-	-	-	(206,714)	(868)	63,829	(3)	-	383,592	239,836	(11,609)	228,227
Balance at December 31, 2022	**13,526,588**	**12,952,613**	**(9,515)**	**(310,890)**	**1,900**	**(58,971)**	**(1,191,694)**	**4,500,000**	**5,200,113**	**34,610,144**	**439,841**	**35,049,985**

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 COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022
(Amounts in Thousand Philippine Pesos, Except Per Share Data)

	Notes	2023 Unaudited	2022 Unaudited
REVENUES	2		
Rental income		182,455	P 184,097
Room revenues		202,655	125,848
Service income		122,864	125,529
Sale of food and beverages		68,128	23,662
Real estate sales		107,484	13,660
Others		6,509	4,891
		690,095	477,687
COSTS OF SALES AND SERVICES			
Service cost		85,957	100,394
Room services		97,805	66,156
Rentals		34,496	28,951
Food and beverages sold		51,965	28,552
Real estate sold		101,302	7,902
		371,525	231,954
GROSS PROFIT		318,570	245,733
OTHER OPERATING EXPENSES		168,356	123,918
OPERATING PROFIT		150,214	121,814
OTHER INCOME (CHARGES)			
Share in profit of associates	7	195,283	88,982
Finance costs	12	(152,792)	(80,680)
Finance income		14,303	6,630
Miscellaneous income (charges) - net		(47,815)	(2,139)
		8,979	12,793
PROFIT BEFORE TAX		159,193	134,607
TAX EXPENSE (BENEFIT)		(5,938)	23,858
NET PROFIT		165,131	110,749
Balance carried forward		P 165,131	P 110,749

	Notes	2022 Unaudited	2021 Unaudited
Balance brought forward		P 165,131	P 110,749
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified to profit or loss			
Share in other comprehensive loss of associates	7	231	6,305
Items that will be reclassified subsequently to profit or loss			
Share in other comprehensive income of an associate	7	40,943	(101,431)
		41,174	(95,126)
TOTAL COMPREHENSIVE INCOME (LOSS)		206,305	15,623
Net profit attributable to:			
Equity holders of the Company		165,619	112,875
Noncontrolling interest		(488)	(2,126)
		165,131	110,749
Total comprehensive income (loss) attributable to:			
Equity holders of the Company		206,793	17,748
Noncontrolling interest		(488)	(2,126)
		206,305	15,623
Earnings Per Share - Basic and Diluted	17	P 0.13	P 0.11

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 CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022
(Amounts in Thousand Philippine Pesos)

	Notes	2023 Unaudited	2022 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 159,193**	P 134,607
Adjustments for:			
Interest expense	12	**152,792**	59,467
Share in profit of associates	7	**(195,283)**	(88,982)
Depreciation and amortization	8, 9, 10	**38,400**	37,780
Interest income		**(14,303)**	(6,630)
Fair value gain - net	4	**(750)**	(230)
Operating profit before working capital changes		**140,049**	136,012
Decrease (increase) in receivables		**4,441**	(4,191)
Decrease in real estate projects	4	**99,818**	4,029
Increase in other assets	11	**(4,567)**	(43,922)
Increase in deposits on land for future development	6	**(80,471)**	(201,528)
Decrease in trade and other payables	13	**41,530**	(270,015)
Increase (decrease) in advance rentals and deposits		**(954)**	7,551
Increase (decrease) in customers' deposits		**9,678**	(5,039)
Incrrease (decrease) in retirement benefit liability		**3,476**	-
Cash from operations		**213,000**	(377,103)
Interest received		**3,080**	5,086
Cash paid for income taxes		**(21,215)**	(6,446)
Net Cash From (Used in) Operating Activities		**194,865**	(378,463)
Balance brought forward		**194,865**	(P 378,463)

	Notes	2023 Unaudited	2022 Unaudited
Balance carried forward		**194,865**	(P 378,463)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment property	8	**(135,010)**	(9,035)
Acquisitions of property and equipment	9	**(70,303)**	(88,352)
Interest received		**11,223**	1,545
Acquisition of intangible assets	10	**(1,465)**	(749)
Additional equity advances	7	**(753)**	(1,430)
Acquisition of additional interest in various subsidiaries	7	**-**	(600,000)
Net Cash Used in Investing Activities		**(196,308)**	(698,021)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net loan repayments	12	**(117,000)**	(58,000)
Interest paid	12	**(182,267)**	(75,098)
Collection of lease receivables		**2,645**	1,315
Repayment of lease liabilities		**(3,852)**	(2,718)
Proceeds from issuance of shares of stock	17	**-**	1,200,700
Share issuance costs paid	17	**-**	(6,003)
Net Cash From (Used in) Financing Activities		**(300,474)**	1,060,196
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(301,917)**	(16,288)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**2,008,455**	2,018,829
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P 1,706,538**	P 2,002,541

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 March 31, 2023
(With comparative figures for 2022)

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 March 31, 2023 and comparative financial statements for the same period in 2022 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 2023 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, 2023:

PAS 1 (Amendments)	: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
PAS 1 and PFRS Practice Statement 2 (Amendments)	: Presentation of Financial Statements – Disclosure of Accounting Policies and Making Materiality Judgments
PAS 8 (Amendments)	: Accounting Estimates – Definition of Accounting Estimates
PAS 12 (Amendments)	: Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
PFRS 17 (Amendments)	: Insurance Contracts – Insurance Contracts including the Extension of the Temporary Exemption from Applying PFRS 9

PFRS 17 (Amendments)	: Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information
PFRS 10 (Amendments)	: Consolidated Financial Statements
PAS 28 (Amendments)	: Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture

Discussed below are the relevant information about these pronouncements.

(i) PAS 1 (Amendents), *Presentation of Financial Statements – Disclosure of Accounting Policies* and PFRS Practice Statement 2 (Amendents) *Making Materiality Judgments*, (effective January 1, 2023). The amendments require the entities to disclose their material accounting policies rather than their significant accounting policies. The amendments also provide guidance on how to apply the concept of materiality to accounting policy disclosures.

(ii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective 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.

(iii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective 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. The amendments require an entity to recognize deferred tax on certain transactions (e.g. leases and decommissioning liabilities) that give rise to equal amounts of taxable and deductible temporary differences on initial recognition. The aim of the amendments is to reduce diversity in reporting of deferred tax on leases and decommissioning obligations.

(iv) PFRS 17, *Insurance Contracts – Insurance Contracts* including the Extension of the Temporary Exemption from Applying PFRS 9 (effective January 1, 2023). PFRS 17 reflects the view that an insurance contract combines features of both a financial instrument and a service contract, and considers the fact that many insurance contracts generate cash flows with substantial variability over a long period. PFRS 17 introduces a new approach that: (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract; (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfillment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policyholders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfillment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB). Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9, Financial Instruments, will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

(v) PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective January 1, 2023). The amendments require all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. The amendments will help insurers to avoid temporary accounting mismatches and, therefore, improve the usefulness of the comparative information for investors. It provides the insurers with an option for the presentation of comparative information about financial assets.

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

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 2023 but not Adopted Early

There are new PFRS, interpretation, amendments and annual improvements to existing standards effective for annual periods subsequent to 2023, 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) IAS 1 (Amendments), *Classification of Liabilities as Current and Non-current* (effective from January 1, 2024). The amendments elaborate on the guidance set out in IAS 1 by:

- clarifying that the classification of a liability as either current or non-current is based on the entity's right at the end of the reporting period

- stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability

- adding guidance about lending conditions and how these can impact classification

- including requirements for liabilities that can be settled using an entitys own instruments.

(ii) IAS 16 (Amendments), *Lease Liability in a Sale and Leaseback* (effective from January 1, 2024). The amendments confirm that (1) on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction; and (2) After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right-of-use asset it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning or after January 1, 2024, with earlier application permitted. Under PAS 8, the amendments apply retrospectively to sale and leaseback transactions entered into or after the date of initial adoption of PFRS 16.

(iii) IAS 1 (Amendments), *Non-current Liabilities with Covenants* (effective from January 1, 2024). The amendments aim to improve disclosures about long-term debt with covenants by stating that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements. The amendments also aim to enable investors to understand the risk that such debt could become repayable early and therefore improving the information being provided on the long-term debt.

2. 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.

2.1 Analysis of Segment Information

Segment information can be analyzed below for the periods ended March 31, 2023 and 2022.

	Leasing	Sale of Real Estate	Service Income	Hotel Operations	Total
2023 (Unaudited)					
Segment revenues	**P 182,455**	**P 107,484**	**P 122,864**	**P 277,292**	**P 690,095**
Cost of real estate sold	**-**	**(101,302)**	**-**	**-**	**(101,302)**
Cost of rentals	**(34,496)**	**-**	**-**	**-**	**(34,496)**
Cost of room services	**-**	**-**	**-**	**(97,805)**	**(97,805)**
Cost of food and beverage sold	**-**	**-**	**-**	**(51,965)**	**(51,965)**
Cost of service income	**-**	**-**	**(85,957)**	**-**	**(85,957)**
Other operating expenses	**(55,924)**	**(51,707)**	**(27,803)**	**(32,922)**	**(168,356)**
Segment Operating Profit (Loss)	**P 92,035**	**(P 45,525)**	**P 9,104**	**P 94,600**	**P 150,214**

	Leasing	Sale of Real Estate	Service Income	Hotel Operations	Total
2022 (Unaudited)					
Segment revenues	P 184,097	P 13,660	P 125,529	P 154,401	P 477,687
Cost of real estate sold	-	(7,902)	-	-	(7,902)
Cost of rentals	(28,951)	-	-	-	(28,951)
Cost of room services	-	-	-	(66,156)	(66,156)
Cost of food and beverage sold	-	-	-	(28,552)	(28,552)
Cost of service income	-	-	(100,394)	-	(100,394)
Other operating expenses	(51,547)	(35,927)	(13,893)	(22,551)	(123,918)
Segment Operating Profit	P 103,599	(P 30,169)	P 11,242	P 37,142	P 121,814

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.

3. INTEREST IN SUBSIDIARIES AND ACQUISITIONS

3.1 Acquisition Accounted as Asset Acquisition

On August 26, 2022, the Group acquired 100% ownership interest in subsidiaries acquired through asset acquisition, which are engaged in lines of businesses similar to that of the Group. The Group made initial downpayments of P386,469 for the acquisition, while the outstanding balance from the transaction is presented as part of Trade and Other Payables and Other Noncurrent Liabilities in the 2022 consolidated statement of financial position (see Note 13).

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

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

Cash and cash equivalents	P	327
Trade and other receivables		31,495
Other current assets		87,179
Investment property		3,746,339
Trade and other payables	(	641)

3.2 Significant Transactions with NCI

In 2022, the Group acquired the remaining 31.7% NCI in Integrated Geosolutions, Inc. for a total consideration of P1,050,040. The Group also increased its ownership interest in the subsidiaries acquired through asset acquisition in 2021 from 76% to 94% for an additional consideration of P900,000. Portion of these transactions were settled in cash amounting to P1,110,008 and reclassification of equity advances in 2022 (see Note 7.2), while the outstanding balance from the transaction is presented as part of Trade and Other Payables and Other Noncurrent Liabilities in the 2022 consolidated statement of financial position (see Note 13).

These changes in ownership interest did not result to obtaining or losing control; hence, the difference between the consideration paid or received and the additional share acquired or share disposed by the Group amounting to P888,022 in 2022 is recognized as part of Other Reserves under the Equity section of the consolidated statements of financial position. No similar transaction in 2023.

4. REAL ESTATE PROJECTS

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

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
Subdivision houses and lots	**P**	**1,002,485**	P	1,102,001
Construction-in-progress (CIP)		**399,239**		398,791
	P	**1,401,724**	P	1,500,792

The movements of this account as of March 31, 2023 and December 31, 2022 are shown below.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the year	**P 1,500,792**	P 1,440,217
Additions during the year	**2,234**	18,366
Sales during the year	**(101,302)**	(59,093)
Reclassification during the year	**-**	101,302
Balance at end of the period	**P 1,401,724**	P 1,500,792

The Company recognized gain from repossession of inventory amounting to P750 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 March 31, 2023 consolidated statement of comprehensive income.

The net realizable value of real estate projects is higher than its carrying value as of March 31, 2023 and December 31, 2022, based on management's assessment.

5. RAW LAND INVENTORY

Below is a summary of the aggregate cost of raw land inventory as of March 31, 2023 and December 31, 2022.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
SMPI	**P 7,315,224**	P 7,315,224
Agricultural	**778,074**	778,074
Geosolutions	**602,135**	602,135
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**	43,424
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 9,311,702	P 9,311,702

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

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
Balance at beginning of year	**P**	**9,311,702**	P	3,341,081
Additions		**-**		5,704,364
Reclassification		**-**		266,257
Balance at end of the period	**P**	**9,311,702**	P	9,311,702

In 2022, the Company acquired raw land inventories from a related party under common control for a total consideration (inclusive of input VAT) of P6,388,887 payable in annual installments until 2026 and bearing interest of 5.11% per annum. The current and noncurrent portions of outstanding payables from this transaction as of December 31, 2022 amounting to P1,277,777 and P4,472,221 are presented as Trade and Other Payables and Other Noncurrent Liabilities accounts in the 2022 consolidated statement of financial position (see Note 13). The interest expense recognized in 2022 amounting to P51,297 is presented as part of Finance Costs in the 2022 consolidated statement of comprehensive income.

In 2022, the Group reclassified a parcel of land originally recognized as part of Raw Land Inventory to Investment Property and Deposit on Land For Future Development due to change in use amounting to P3,373 and P500, respectively. The Group reclassified a parcel of land originally recognized as part of Investment Property to Raw Land Inventory due to change of use amounting to P270,130 (see Note 8).

Management determined that these properties have a total fair value of P24,951,637 as of March 31, 2023 and December 31, 2022. 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 20.4.

6. 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 March 31, 2023. Accordingly, the Group presented the outstanding balance of deposits as of March 31, 2023 and December 31, 2022 amounting to P574,323 and P574,102, 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.

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
Balance at beginning of year	**P**	**1,805,251**	P	2,200,291
Additions		**80,487**		197,021
Reclassifications	**(**	**16)**	(	592,061)
Balance at end of the period	**P**	**1,885,722**	P	1,805,251

Based on management's evaluation, the recoverable value of deposits on land for future development is higher than its carrying amount as of March 31, 2023 and December 31, 2022.

7. EQUITY ADVANCES AND INVESTMENTS IN ASSOCIATES

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

	Notes		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
Investment in associates	7.1	**P**	**11,457,028**	P	11,220,571
Equity advances	7.2		**641,052**		640,299
		P	**12,098,080**	P	11,860,870

7.1 Investments in Associates

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

		March 31, 2023 (Unaudited)		December 31, 2022 (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 at beginning of the year:		
BOC	**2,931,975**	2,507,231
NLI	**255,100**	268,616
	3,187,075	2,775,847
Share in profit:		
BOC	**195,133**	573,296
NLI	**150**	(13,516)
Share in other comprehensive income (loss) of BOC:		
Fair value gains (losses) on financial assets at FVOCI	**43,076**	(206,714)
Equity reserve for retirement plan	**-**	59,033
Cumulative translation adjustment	**(1,902)**	(871)
	41,174	(148,552)
Net change during the year	**236,457**	411,228
Balance at end of the year	**P 11,457,028**	P 11,220,571

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
BOC		
Total assets	**P 205,581,947**	P 217,517,899
Total liabilities	**176,803,759**	189,487,324
Revenues	**2,650,036**	7,965,631
Profit	**618,702**	1,750,193
Other comprehensive income (loss)	**128,910**	(390,836)
NLI		
Total assets	**P 3,199,564**	P 2,739,709
Total liabilities	**456,708**	236,350
Revenues	**10,196**	142,814
Profit (Loss)	**749**	(67,578)

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.

7.2 Equity Advances

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

In 2022, certain equity advances were provided with allowance for impairment as the management assessed that certain portion were no longer recoverable. Total allowance for impairment as of March 31, 2023 and December 31, 2022 amounted to P320,528.

The movements of these equity advances are presented below.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of year	**P 640,299**	P 1,034,165
Additions	**753**	3,804
Impairment loss	**-**	(241,076)
Reclassification	**-**	(156,594)
Balance at end of the period	**P 641,052**	P 640,299

8. INVESTMENT PROPERTY

The gross amounts and accumulated depreciation and amortization of investment property as of March 31, 2023 and December 31, 2022 shown below.

	Land	Land Improvements	Building and Improvements	Capital Projects-in-Progress	ROU Asset	Total
March 31, 2023						
Cost	P 18,888,855	P 65,754	P 1,244,985	P 987,992	P 61,461	P 21,249,047
Accumulated depreciation and amortization	-	(7,423)	(540,977)	-	(28,109)	(576,509)
Net carrying amount	**P 18,888,855**	**P 58,331**	**P 704,008**	**P 987,992**	**P 33,352**	**P 20,672,538**
December 31, 2022						
Cost	P 18,866,741	P 67,164	P 1,250,835	P 852,291	P 61,461	P 21,098,492
Accumulated depreciation and amortization	-	(7,574)	(541,363)	-	(26,418)	(575,355)
Net carrying amount	P 18,866,741	P 59,590	P 709,472	P 852,291	P 35,043	P 20,523,137
January 1, 2022						
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	P 14,264,742	P 16,587	P 755,623	P 146,360	P 41,806	P 15,225,118

A reconciliation of the carrying amounts of investment property as of March 31, 2023 and December 31, 2022 shown below.

	Land	Land Improvements	Building and Improvements	Capital Projects-in-Progress	ROU Asset	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 18,866,741	P 59,590	P 709,472	P 852,291	P 35,043	P 20,523,137
Additions	22,098	303	982	111,376	-	134,759
Reclassification	16		911	24,325		25,252
Depreciation and amortization charges during the year	-	(1,562)	(7,357)	-	(1,691)	(10,610)
Balance at March 31, 2023, net of accumulated depreciation and amortization	**P 18,888,855**	**P 58,331**	**P 704,008**	**P 987,992**	**P 33,352**	**P 20,672,538**

	Land	Land Improvements	Building and Improvements	Capital Projects-in-Progress	ROU Asset	Total
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	1,430,845	42,225	3,764	213,224	-	1,690,058
Acquired through asset acquisition	3,269,103	-	-	477,236	-	3,746,339
Reclassification	(97,949)	2,033	(20,880)	15,471	-	(101,325)
Depreciation and amortization charges during the year	-	(1,255)	(29,035)	-	(6,763)	(37,053)
Balance at December 31, 2022, net of accumulated depreciation and amortization	**P 18,866,741**	**P 59,590**	**P 709,472**	**P 852,291**	**P 35,043**	**P 20,523,137**

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 P18,002 and P74,423 in March 31, 2023 and December 31, 2022, respectively.

The Group also engages in transactions involving certain investment properties with related parties (see Note 15).

Based on the recent reports of independent appraisers, the Group's investment properties have a total fair value of P54,457,285 and P54,308,621 as of March 31, 2023 and December 31, 2022, respectively.

Information about the fair value measurement and disclosures related to investment property are presented in Note 20.4.

9. PROPERTY AND EQUIPMENT

The gross amounts and accumulated depreciation, amortization and impairment of property and equipment as of March 31, 2023 and December 31, 2022 shown below.

	Land	Building and Improvements	Machineries and Transportation Equipment	Furniture Fixture and Other Improvements	Capital Projects in-Progress	Right-of-use Asset	Total
March 31, 2023							
Cost	P 1,086,288	P 3,656,763	P 234,732	P 624,981	P 3,776,143	P 14,856	P 9,393,763
Accumulated depreciation and amortization	-	(725,446)	(93,030)	(585,829)	-	(3,951)	(1,408,256)
Accumulated impairment loss	-	(1,020)	-	-	-	-	(1,020)
Net carrying amount	**P 1,086,288**	**P 2,930,297**	**P 141,702**	**P 39,152**	**P 3,776,143**	**P 10,905**	**P 7,984,487**
December 31, 2022							
Cost	P 1,086,288	P 3,649,020	P 232,346	P 619,125	P 3,713,137	P 11,555	P 9,311,471
Accumulated depreciation and amortization	-	(701,718)	(86,392)	(581,522)	-	(1,355)	(1,370,987)
Net carrying amount	P 1,086,288	P 2,947,302	P 145,954	P 37,603	P 3,713,137	P 10,200	P 7,940,484
January 1, 2022							
Cost	P 763,129	P 3,608,366	P 158,112	P 603,719	P 3,384,871	P 907	P 8,519,104
Accumulated depreciation and amortization	-	(633,695)	(62,696)	(562,012)	-	(279)	(1,258,682)
Net carrying amount	P 763,129	P 2,974,671	P 95,416	P 41,707	P 3,384,871	P 628	P 7,260,42

A reconciliation of the carrying amounts of property and equipment as of March 31, 2023 and December 31, 2022 shown below.

	Land	Building and Improvements	Machineries and Transportation Equipment	Furniture Fixture and Other Improvements	Capital Projects in-Progress	Right-of-use Asset	Total
Balance at January 1, 2023, net of accumulated depreciation, amortization, and impairment	P 1,086,288	P 2,947,302	P 145,954	P 37,603	P 3,713,137	P 10,200	P 7,940,484
Additions			2,386	5,856	63,428	3,301	74,971
Reclassification	-	-	-	-	(422)	-	(422)
Depreciation and amortization charges for the year	-	(17,005)	(6,638)	(4,307)	-	(2,596)	(30,546)
Net carrying amount	**P 1,086,288**	**P 2,930,297**	**P 141,702**	**P 39,152**	**P 3,766,143**	**P 10,905**	**P 7,984,487**

	Land	Building and Improvements	Machineries and Transportation Equipment	Furniture Fixture and Other Improvements	Capital Projects in-Progress	Right-of-use Asset	Total
Balance at January 1, 2022, net of accumulated depreciation, amortization, and impairment	P 763,129	P 2,974,671	P 95,416	P 41,707	P 3,384,871	P 628	P 7,260,422
Additions	-	-	35,418	15,406	336,289	10,648	397,761
Reclassification	323,159	40,654	38,816	-	(8,023)	-	394,606
Depreciation and amortization charges for the year	-	(68,023)	(23,696)	(19,510)	-	(1,076)	(112,305)
Net carrying amount	P 1,086,288	P 2,947,302	P 145,954	P 37,603	P 3,713,137	P 10,200	P 7,940,484

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 P552,655 as of March 31, 2023 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 March 31, 2023 and December 31, 2022.

10. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of intangible assets as of March 31, 2023 and December 31, 2022 shown below.

	Software Licenses	Land Use Rights	Total
March 31, 2023			
Cost	P 51,011	P 164,213	P 215,224
Accumulated amortization	(39,917)	(1,106)	(41,023)
Net carrying amount	**P 11,094**	**P 163,107**	**P 174,201**
December 31, 2022			
Cost	P 49,546	P 164,213	P 213,759
Accumulated amortization	(38,677)	(1,106)	(39,783)
Net carrying amount	P 10,869	P 163,107	P 173,976
January 1, 2022			
Cost	P 44,355	P 164,213	P 208,568
Accumulated amortization	(35,927)	(1,106)	(37,033)
Net carrying amount	P 8,428	P 163,107	P 171,53

A reconciliation of the carrying amounts of intangible assets as of March 31, 2023 and December 31, 2022 shown below.

	Software Licenses	Land Use Rights	Total
Balance at January 1, 2023, net of accumulated amortization	P 10,869	P 163,107	P 173,976
Additions	1,465	-	1,465
Reclassification	-		-
Amortization charges for the year	(1,240)	-	(1,240)
Balance at March 31, 2023, net of accumulated amortization	**P 11,094**	**P 163,107**	**P 174,201**
Balance at January 1, 2022, net of accumulated amortization	P 8,428	P 163,107	P 171,535
Additions	3,031	-	3,031
Deconsolidation	2,160	-	2,160
Amortization charges for the year	(2,750)	-	(2,750)
Balance at December 31, 2022, net of accumulated amortization	P 10,869	P 163,107	P 173,976

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 2023 and 2022 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.

11. OTHER NONCURRENT ASSETS

This account consists of the following as of March 31, 2023 and December 31, 2022:

	Notes	
Input VAT clearing	11.1	**P 479,168**
Goodwill	11.2	**27,462**
Financial assets at FVOCI	11.3	**13,610**
Balance at the end of the period		**P 520,240**

11.1 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 5).

11.2 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 2023 and 2022.

11.3 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.

12. 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 4.50% to 6.00% in March 31, 2023 and 4.50% to 5.75% in December 31, 2022. The related loan agreements do not contain loan covenant provisions.

Interest expense charged to operations amounted to P131,645 and P59,467 in 2023 and 2022, respectively, and is presented as part of Finance Costs account in the consolidated statements of comprehensive income. Unpaid interest amounting to P46,592 and P43,613 as of March 31, 2023 and December 31, 2022, respectively, is shown as part of Other payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 13).

No assets are pledged as collateral to the existing loans as of March 31, 2023 and 2022.

13. TRADE AND OTHER PAYABLES

This account is composed of:

	Notes	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
Current:			
Accounts payable		**P 3,764,505**	P 3,783,602
Retention payable		**136,649**	137,853
Taxes payable		**147,003**	123,139
Provisions		**4,564**	4,564
Other payables	13	**241,322**	232,830
		4,294,043	4,281,988
Noncurrent:			
Accounts payable	6	**7,656,821**	7,656,821
		P 11,950,864	P 11,938,809

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 in 2022.

14. 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 March 31, 2023 consolidated statement of financial position (see Note 8).

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 8, 9) and the corresponding liability as part of Lease Liabilities account in the March 31, 2023 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.

In 2022, the Group entered into lease agreements to be used for offices with lease term of three years. The right-of-use assets is presented as part of Property and Equipment in the consolidated statement of financial position.

Lease liabilities presented in the consolidated statement of financial position as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Current	**P 18,573**	P 22,790
Non-current	**92,530**	92,165
	P 111,103	P 114,955

15. 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	**2023**	**P 32,815**	**P 17,358**	**P 657**	**P 97,345**	On demand or 30 days from the date of billing; Noninterest-bearing	Secured by advance rentals and security deposits, and unsecured
		2022	32,963	14,610	4,666	114,478		
Under Common Control	8,9,14	**2023**	**279,312**	**11,003**	**601,353**	**9,437,954**	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
		2022	269,141	50,621	397,456	216,269		
Associates		**2023**	**127**	**-**	**222,250**	**-**	On demand; Interest-bearing	Secured
		2022	103	-	309,013	-		
		2023	**P 312,230**	**P 28,361**	**P 824,260**	**P 9,535,299**		
		2022	P 302,231	P 65,231	P 711,135	P 330,747		

(a) 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.

(b) Purchases from related parties consist of management and other administrative services, technical services and administration of the construction of the Group's real estate projects and purchase of raw materials and supplies.

(c) 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.

(d) Amounts owed to related parties consist of accounts payable, due to related parties, advance rentals, and security deposits, which are all payable in cash. Leases to related parties are secured with advance rentals, which are applied at the end of thelease term. Security deposits are refundable in cash at the end of the lease term.

16. EQUITY

16.1 Capital Stock

The Company's capital stock consists of:

	Shares 2023	Shares 2022	Amount 2023	Amount 2022
Capital stock – P10 par value				
Authorized	**1,500,000,000**	1,500,000,000	**P 1,500,000,000**	P 1,500,000,000
Issued and outstanding:				
Balance at beginning of year	**1,130,172,748**	1,130,172,748	**P 11,301,727**	P 11,301,727
Issued during the year	**240,381,050**	240,381,050	**2,403,811**	2,403,811
Balance at end of year	**1,370,553,798**	1,370,553,798	**13,705,538**	13,705,538
Subscription receivable	**(17,895,000)**	(17,895,000)	**(178,950)**	(178,950)
Treasury stock – at cost	**(315,771)**	(315,771)	**(9,515)**	(9,515)
Total outstanding	**1,352,343,027**	1,352,343,027	**P 13,517,073**	P 13,517,073

On January 30, 1998, San Miguel Properties Philippines, Inc. (SMPPI) 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. The subscription receivable in 2021 amounting to P357,900 remains uncollected as of December 31, 2022.

In 2022, SMC, on separate occasions, subscribed to additional shares in the Parent Company from the unsubscribed portion of existing authorized capital stock amounting to P4,783,583 divided into 240,381,050 shares with a par value of P10 per share. This subscription consequently resulted to total additions to Capital Stock and Additional Paid-in Capital accounts amounting to P2,403,810 and P2,379,772, respectively. Total costs amounting to P24,038 directly attributable to the issuance of shares 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 March 31, 2023 and December 31, 2022. The Company is still qualified to be a public corporation based on its quasi-public registration with the SEC.

As of March 31, 2023 and December 31, 2022, the Company has 75 stockholders owning 100 or more shares each of the Company's capital stock.

16.2 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 March 31, 2023 and December 31, 2022, and also, the accumulated share in profit of associates amounting to P3,423,532 and P3,187,077 for the periods then ended.

16.3 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.

16.4 Other Reserves

In 2022, the Group acquired the remaining 31.7% NCI in Integrated Geosolutions, Inc. for a total consideration of P1,050,040. In addition, the Group also increased its ownership interest in the subsidiaries acquired through asset acquisition in 2021 from 76% 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 consideration paid and additional share acquired by the Group amounting to P888,022 is recognized as part of Other Reserves under the Equity section of 2022 consolidated statement of equity (see Note 3).

In 2021, the Group increased its ownership interest in the subsidiaries acquired through asset acquisition to 76% for an additional consideration of P300,000. 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 P23,158 is recognized as part of Other Reserves under the Equity section of the 2021 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.

17. EARNINGS PER SHARE

Basic and diluted earnings per share amounts as of March 31, 2023 were computed as follows:

	March 31, 2023 (Unaudited)		March 31, 2022 (Unaudited)	
Net profit (loss) attributable to owners of the parent company for the period	**P**	**165,619**	P	112,875
Divided by weighted average number of outstanding common shares *(in thousands)*		**1,288,394**		1,057,325
Earnings (loss) per share – basic and diluted	**P**	**0.13**	P	0.11

The weighted average number of shares as of March 31, 2023 is computed as follows:

	Number of Shares	Months Outstanding	Weighted Number of Shares
Balance at beginning of year	1,171,996,977	12	14,063,963,724
	40,063,000	11	440,693,000
	41,876,050	10	418,760,500
	80,697,000	6	484,182,000
	17,710,000	3	53,130,000
Share issuance during period	-		-
Balance at end of year	1,352,343,027		15,460,729,224
Divided by			12
Weighted average number of shares outstanding			**1,288,394,102**

Diluted earnings per share equal the basic earnings per share since the Company does not have dilutive shares as of March 31, 2023 and December 31, 2022.

18. 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.

18.1 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 March 31, 2023 and December 31, 2022. 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.

	March 31, 2023 (Unaudited)		March 31, 2022 (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 30,509)**	+ 1.40 %	(P 32,392)
Net decrease	**- 1.40 %**	**30,509**	- 1.40 %	32,392

(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.

18.2 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 March 31, 2023 and December 31, 2022 (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
Cash and cash equivalents	**P**	**1,699,591**	P	2,001,264
Receivables - net (excluding advances to contractors)		**826,917**		847,855
	P	**2,526,508**	P	2,849,119

(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.

18.3 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 March 31, 2023 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 11,405,492	P -	P -	P -
Trade and other payables	3,963,798	505,908	5,320,385	3,158,259
Rental deposits	8,934	57,606	42,669	1,158
Lease Liabilities	7,978	17,215	94,374	17,879
Due to related parties	33,357	-	-	-
	P 15,419,559	P 580,729	P 5,457,428	P 3,177,296

The maturity profile of the Group's financial liabilities (excluding unpaid taxes and provisions) as of December 31, 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 11,519,513	P -	P -	P -
Trade and other payables	3,977,383	492,397	5,320,385	3,158,259
Rental deposits	3,663	63,915	33,838	7,732
Lease Liabilities	11,010	11,779	80,815	11,351
Due to related parties	33,357	-	-	-
	P 15,544,926	P 568,091	P 5,435,038	P 3,177,342

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.

19. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

19.1 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.

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial assets					
Financial assets at amortized cost:					
Cash and cash equivalents		**P 1,706,538**	**P 1,706,538**	P 2,008,455	P 2,008,455
Receivables – net (excluding advances to contractors)		**826,917**	**826,917**	847,855	847,855
Financial assets at FVOCI	12	**13,610**	**13,610**	13,610	13,610
		P 2,547,065	**P 2,547,065**	P 2,869,920	P 2,869,920
Financial liabilities					
Financial liabilities at amortized cost:					
Loans and borrowings	13	**P 11,358,900**	**P 11,405,492**	P 11,475,900	P 11,475,900
Trade and other payables	14	**11,803,861**	**12,948,350**	11,800,956	11,861,767
Lease liabilities	15	**111,103**	**137,446**	114,955	144,006
Due to related parties	16	**33,357**	**33,357**	33,357	33,357
Rental deposits		**110,367**	**110,367**	109,148	109,148
		P 23,417,588	**P 24,635,012**	P 23,534,316	P 23,624,178

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 18.

19.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2023 and 2022 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 15 can be potentially offset to the extent of their corresponding outstanding balances.

20. FAIR VALUE MEASUREMENT AND DISCLOSURES

20.1 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.

20.2 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 March 31, 2023 and December 31, 2022 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.

20.3 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 March 31, 2023 and December 31, 2022. 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 March 31, 2023 and December 31, 2022.

The Group has no financial liabilities measured at fair value as of March 31, 2023 and December 31, 2022.

20.4 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 March 31, 2023 and December 31, 2022.

21. 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 divided by total equity. Capital for the reporting periods as of March 31, 2023 and December 31, 2022 under review is summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Total liabilities	**P 23,884,933**	P 23,985,274
Total equity	**35,254,223**	35,049,985
Debt-to-equity ratio	**0.68:1.00**	0.69:1.00

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

ANNEX "B"

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 March 31, 2023 (with comparative figures as of December 31, 2022 and for the period ended March 31, 2022). All necessary adjustments to present fairly the consolidated financial position, performance, and cash flows of the Group as of March 31, 2023, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2023 KEY TRANSACTIONS

(a) Additional subscription

During the quarter, the Company increases its subscription in the following subsidiaries: (1) P937M in Bicktree; (2) P7M in Newscapes; (3) P5M in Sta. Cruz and (4) P1M 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) La Belle Plume – P42M; (2) Quick Silver – P7M; (3) Zee2 Resources – P5M and (4) various subsidiaries – P8M.

(b) Acquisition of properties

During the quarter, the Company acquired properties located in CALABARZON and Western Visayas which were accounted under Deposits on Land for Future Development.

II. FINANCIAL PERFORMANCE

2023 vs. 2022

In Millions PHP	Unaudited	Unaudited	Changes	
	2023	2022	Amount	%
REVENUES				
Room revenues	203	126	77	61%
Rental income	183	184	-1	-1%
Service income	123	126	-3	-2%
Real estate sales	107	13	94	723%
Sale of food and beverages	68	24	44	183%
Others	6	4	2	50%
	690	**477**	**213**	
COSTS OF SALES AND SERVICES				
Real estate sold	101	8	93	1163%
Room services	98	66	32	48%
Service Cost	86	100	-14	-14%
Food and beverages sold	52	28	24	86%
Rentals	35	29	6	21%
	372	**231**	**141**	**61%**
GROSS PROFIT	**318**	**246**	**72**	**29%**
OTHER OPERATING EXPENSES	**168**	**124**	**44**	**35%**
OPERATING PROFIT	**150**	**122**	**28**	
OTHER INCOME (CHARGES)				
Share in profit of associates	195	89	106	119%
Finance costs	-152	-81	-71	88%
Finance income	14	7	7	100%
Miscellaneous income (charges) - net	-48	-2	-46	2300%
	9	**13**	**-4**	
PROFIT BEFORE TAX	**159**	**135**	**24**	**18%**
TAX EXPENSE (BENEFIT)	**-6**	**24**	**-30**	**-125%**
NET PROFIT AFTER TAX	**165**	**111**	**54**	**49%**
NONCONTROLLING INTEREST	**-1**	**-2**	**1**	**-50%**
NET PROFIT	**166**	**113**	**53**	**47%**

The Group ended the quarter with P166 million net income attributable to the net owners of the parent company from P113 million net income in 2022. This was mainly due to the increase in revenue and share in profit of associates.

Revenue from the Group's hotel business comprising of room revenues, sale of food and beverages, and others increased from P154 million to P277 million. This was mainly attributable to the improvement in the occupancy rate of Makati Diamond Residences (MDR) from 72% to 80% as a result of stronger market demand and primarily due to the improved business setting.

Real estate sales increased by P94 million mainly due to the sale of property located in NCR amounting to P107 million.

Cost of sales increased by 61% primarily because of the increase in hotel revenue and real estate sales.

The Group's operating expenses posted a 35% increase as compared with 2022 mainly due to increase in manpower cost, caretakers and security charges, higher building maintenance and IT related maintenance fees and taxes and licenses paid for the additional stock subscription.

Share in net earnings of associates increased from P89 million to P195 million in 2023 mainly due to higher income earned by Bank of Commerce (BOC).

Finance costs increased by 88% mainly due to higher interest rate in 2023.

Finance income increased by P7 million mainly due to higher interest earned from placements.

Miscellaneous income (charges) – net increased from P2 million to P48 million charges brought by higher donations to various relocation projects of the Group.

Tax expense (benefit) decreased from P24 million expense to P6 million benefit mainly due to recognition of net operating loss carry over (NOLCO) reduced by higher taxable income of various subsidiaries.

Noncontrolling interest increased by P1 million mainly due to lower net loss of certain subsidiary.

2022 vs. 2021

In Millions PHP	**Unaudited**	**Unaudited**	**Changes**	
	2022	**2021**	**Amount**	**%**
REVENUES				
Rental income	184	161	23	14%
Room revenues	126	80	46	58%
Service income	126	16	110	688%
Sale of food and beverages	24	12	12	100%
Real estate sales	13	80	-67	-84%
Others	4	2	2	100%
	477	**351**	**126**	
COSTS OF SALES AND SERVICES				
Service Cost	100	14	86	614%
Room services	66	51	15	29%
Rentals	29	24	5	21%
Food and beverages sold	28	18	10	56%
Real estate sold	8	46	-38	-83%
	231	**153**	**78**	**51%**
GROSS PROFIT	**246**	**198**	**48**	**24%**
OTHER OPERATING EXPENSES	**124**	**140**	**-16**	**-11%**
OPERATING PROFIT	**122**	**58**	**64**	
OTHER INCOME (CHARGES)				
Share in profit of associates	89	75	14	19%
Finance costs	-81	-97	16	-16%
Finance income	7	6	1	17%
Miscellaneous income (charges) - net	-2	4	-6	-150%
	13	**-12**	**25**	
PROFIT BEFORE TAX	**135**	**46**	**89**	**193%**
TAX EXPENSE (BENEFIT)	**24**	**-3**	**27**	**-900%**
NET PROFIT AFTER TAX	**111**	**49**	**62**	**127%**
NONCONTROLLING INTEREST	**-2**	**0**	**-2**	**100%**
NET PROFIT	**113**	**49**	**64**	**131%**

The Group ended the first quarter of 2022 with P113 million net income attributable to the net owners of the parent company from P49 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 decrease in operating expenses and finance cost in 2022.

Real estate sales decreased by 84% mainly due to 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 P94 million to P154 million. This was mainly attributable to the increase in occupancy rate of Makati Diamond Residences (MDR) from 50% to 72% due to easing of government mobility restrictions to the lowest level.

Rental income increased by 14% mainly due to new lease contracts in 2022.

Service income increased by P110 million because of the increase in volume and scope of services rendered to related parties.

Cost of sales increased by 51% primarily because of the increase in hotel revenue and service income in 2022.

The Group's operating expenses decreased by 11% as compared with 2021 mainly due to reclassification of manpower cost to cost of service, lower sales commission due to depleting inventory, reduced by additional taxes and licenses paid for the additional stock subscription and higher contracted services in 2022.

Share in net earnings of associates increased by P14 million or 19% as compared with 2021 mainly due to higher income earned by Bank of Commerce (BOC).

Finance costs decreased by 16% mainly due to repayment of loans in 2022.

Finance income increased by P1 million mainly due to higher interest earned from placements.

Miscellaneous income (charges) – net decreased from P4 million income to P2 million charges due to the donations made to various relocation projects of the Group.

Tax expense (benefit) increased from P3 million benefit to P24 million expense mainly due to reduction of net operating loss carry over (NOLCO), higher taxable income in 2022 and impact of CREATE law in 2021.

Noncontrolling interest decreased by P2 million mainly due to higher net loss of certain subsidiary.

2021 vs. 2020

In Millions PHP	Unaudited 2021	Unaudited 2020	Changes Amount	%
REVENUES				
Rental income	161	171	-10	-6%
Real estate sales	80	598	-518	-87%
Room revenues	80	133	-53	-40%
Service income	16	0	16	100%
Sale of food and beverages	12	38	-26	-68%
Others	2	5	-3	-60%
	351	**945**	**-594**	
COSTS OF SALES AND SERVICES				
Room services	51	92	-41	-45%
Real estate sold	46	439	-393	-90%
Rentals	24	19	5	26%
Food and beverages sold	18	42	-24	-57%
Service Cost	14	0	14	100%
	153	**592**	**-439**	**-74%**
GROSS PROFIT	**198**	**353**	**-155**	**-44%**
OTHER OPERATING EXPENSES	**140**	**171**	**-31**	**-18%**
OPERATING PROFIT	**58**	**182**	**-124**	
OTHER INCOME (CHARGES)				
Finance costs	-97	-152	55	-36%
Share in profit of associates	75	-27	102	-378%
Finance income	6	11	-5	-45%
Miscellaneous income (charges) - net	4	2	2	100%
	-12	**-166**	**154**	
PROFIT BEFORE TAX	**46**	**16**	**30**	**188%**
TAX EXPENSE (BENEFIT)	**-3**	**17**	**-20**	**-118%**
NET PROFIT AFTER TAX	**49**	**-1**	**50**	**-5000%**
NONCONTROLLING INTEREST	**0**	**-2**	**2**	**-100%**
NET PROFIT	**49**	**1**	**48**	**4800%**

The Group ended the first quarter of 2021 with P49 million net income attributable to the net owners of the parent company from P1 million net income in 2020. This was mainly due to the lower operating expenses from P171 million to P140 million, higher share in profit of associates by P102 million and lower finance cost, reduced by the lower gross profit in 2021.

Real estate sales decreased by 87% mainly due to the sale of properties to related parties in 2020 amounting to P596 million, reduced by higher sale of Cavite projects in 2021.

Rental income decreased by 6% mainly due to adjustment in PAS17, *Leases* in 2021.

Revenue from the Group's hotel business comprising of room revenues, sale of food and beverages, and others decreased from P176 million to P94 million. This was mainly attributable to the decrease in occupancy rate of Makati Diamond Residences (MDR) from 63% to 50% because of the continuous impact of the pandemic.

Service income increased to P16 million mainly due to the timing difference in the billing of services rendered to related parties for right of way acquisition.

Cost of sales decreased by 74% mainly attributable to lower sales in 2021.

Operating expenses decreased from P171 million to P140 million mainly due to lower taxes paid in 2021, lower personnel expenses due to reclassification to cost of service and lower contracted services attributed to lower hotel services and fees.

Finance costs decreased by 36% mainly due to lower interest rate from 5.1% to 2.7%.

Share in profit of associates increased by P102 million due to reduction in provision for credit losses recognized by Bank of Commerce (BOC) in 2021.

Finance income decreased by P5 million mainly due to lower interest earned from placements.

Miscellaneous income (charges) – net increased by P2 million due to the miscellaneous expenses charged to related parties.

Tax expense (benefit) lowered by P 20 million due to lower taxable income and impact of CREATE bill.

III. FINANCIAL POSITION

2023 vs. 2022

In Millions Php	Unaudited	Audited	Changes	
	2023	2022	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	1,707	2,008	-301	-15%
Receivables - net	357	398	-41	-10%
Real estate projects	1,402	1,501	-99	-7%
Raw land inventory	9,312	9,312	0	0%
Other current assets - net	2,160	2,155	5	0%
	14,938	**15,374**	**-436**	
NONCURRENT ASSETS				
Receivables - net	781	774	7	1%
Deposits on land for future development	1,886	1,805	81	4%
Equity advances and investments in associate	12,098	11,861	237	2%
Investment property - net	20,672	20,523	149	1%
Property and equipment - net	7,984	7,940	44	1%
Intangible assets - net	174	174	0	0%
Retirement benefits asset	19	23	-4	-17%
Deferred tax assets - net	201	167	34	20%
Other noncurrent assets - net	520	521	-1	0%
	44,335	**43,788**	**547**	
CURRENT LIABILITIES				
Loans and borrowings	11,359	11,476	-117	-1%
Trade and other payables	4,294	4,282	12	0%
Lease liabilities	19	23	-4	-17%
Due to related parties	33	33	0	0%
Advance rentals and deposits	57	136	-79	-58%
Customers' deposits	181	171	10	6%
Income tax payable	1	1	0	0%
	15,944	**16,122**	**-178**	
NONCURRENT LIABILITIES				
Advance rentals and deposits	192	114	78	68%
Lease liabilities	92	92	0	0%
Deferred tax liabilities - net	134	127	7	6%
Other noncurrent liabilities	7,657	7,657	0	0%
	8,075	**7,990**	**85**	
EQUITY				
Capital stock	13,527	13,527	0	0%
Additional paid-in capital	12,953	12,953	0	0%
Treasury shares - at cost	-10	-10	0	0%
Accumulated fair value gain (loss)	-268	-311	43	-14%
Cumulative translation adjustment	0	2	-2	-100%
Reserve for retirement plan	-59	-59	0	0%
Other reserves	-1,192	-1,192	0	0%
Retained earnings	9,864	9,700	164	2%
Noncontrolling interest	439	440	-1	0%
	35,254	**35,050**	**204**	

Cash decreased by 15% mainly due to payments made for land acquisition and payment for interest and bank charges, reduced by collections received in 2023.

Real estate projects decreased by 7% mainly due to the sale of property located in NCR.

Receivables – net decreased by P34 million due to collections made in 2023.

Retirement benefits asset decreased by P4 million mainly due to recognition of service cost in 2023.

Deferred tax assets - net increased by P34 million mainly due to additional provision and recognition of NOLCO in 2023.

Lease liabilities decreased by P4 million due to amortization payments made in 2023.

Customers' deposits increased by 6% due to the payments received from new customers.

Deferred tax liabilities - net increased by 6% mainly due to additional recognition of PAS17 on the Group's lease contracts.

Accumulated fair value losses decreased by 14% due to lower unrealized loss recognized on Bank of Commerce's (BOC) financial assets measured at fair value through other comprehensive income (FVTOCI).

Cumulative translation adjustment decreased by P2 million due to the share in translation adjustments recognized by BOC.

2022 vs. 2021

In Millions Php	Unaudited	Audited	Changes	
	2022	2021	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	2,003	2,019	-16	-1%
Receivables - net	418	437	-19	-4%
Real estate projects	1,436	1,440	-4	0%
Raw land inventory	3,341	3,341	0	0%
Other current assets - net	1,824	1,746	78	4%
	9,022	**8,983**	**39**	
NONCURRENT ASSETS				
Receivables - net	701	678	23	3%
Deposits on land for future development	2,362	2,200	162	7%
Equity advances and investments in associates	11,838	11,844	-6	0%
Investment property - net	14,989	15,225	-236	-2%
Property and equipment - net	7,570	7,260	310	4%
Intangible assets - net	172	172	0	0%
Retirement benefits asset	36	36	0	0%
Deferred tax assets - net	64	70	-6	-9%
Other noncurrent assets - net	41	41	0	0%
	37,773	**37,526**	**247**	
CURRENT LIABILITIES				
Loans and borrowings	11,869	11,927	-58	0%
Trade and other payables	1,716	2,003	-287	-14%
Lease liabilities	13	17	-4	-24%
Due to related parties	33	33	0	0%
Advance rentals and deposits	237	230	7	3%
Customers' deposits	164	169	-5	-3%
Income tax payable	2	2	0	0%
	14,034	**14,381**	**-347**	
NONCURRENT LIABILITIES				
Lease liabilities	105	105	0	0%
Deferred tax liabilities - net	100	89	11	12%
	205	**194**	**11**	
EQUITY				
Capital stock	11,723	11,123	600	5%
Additional paid-in capital	11,167	10,573	594	6%
Treasury shares - at cost	-10	-10	0	0%
Accumulated fair value gain (loss)	-196	-104	-92	88%
Cumulative translation adjustment	0	3	-3	-100%
Reserve for retirement plan	-123	-123	0	0%
Other reserves	-342	-304	-38	13%
Retained earnings	9,429	9,317	112	1%
Noncontrolling interest	908	1,459	-551	-38%
	32,556	**31,934**	**622**	

Deposits on land for future development increased by 7% mainly due to the additional payments made for properties in NCR and in Central and Southern Luzon in 2022.

Deferred tax assets - net decreased by 8% mainly due to reduction in net operating loss carry over (NOLCO) and in minimum corporate income tax (MCIT).

Trade and other payables decreased by 14% mainly due to settlement of remaining payable on the purchase of additional share on various subsidiaries purchased in 2021.

Lease liabilities decreased by 24% due to payments made in 2022.

Deferred tax liabilities increased by 12% mainly due to additional recognition of PAS17 on the Group's lease contracts.

Capital stock and additional paid-in capital increased by 5% and 6%, respectively, mainly due to the additional subscription of Parent Company.

Accumulated fair value losses increased from P104 million to P196 million due to the share in the unrealized loss recognized on Bank of Commerce's (BOC) financial assets measured at fair value through other comprehensive income (FVTOCI).

Cumulative translation adjustment decreased by P3 million due to the share in translation adjustments recognized by BOC.

Other reserves increased by 13% while Noncontrolling interest decreased by 38% 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	1,396	1,151	245	21%
Receivables - net	429	494	-65	-13%
Real estate projects	1,445	1,483	-38	-3%
Raw land inventory	3,400	2,583	817	32%
Other current assets - net	1,662	1,553	109	7%
	8,332	**7,264**	**1,068**	
NONCURRENT ASSETS				
Receivables	1,120	1,083	37	3%
Deposits on land for future development	2,144	2,114	30	1%
Equity advances and investments in associates	11,164	14,140	-2,976	-21%
Investment property - net	14,616	10,197	4,419	43%
Property and equipment - net	6,503	6,401	102	2%
Intangible assets - net	165	165	0	0%
Deferred tax assets - net	78	95	-17	-18%
Other noncurrent assets - net	41	41	0	0%
	35,831	**34,236**	**1,595**	
CURRENT LIABILITIES				
Loans and borrowings	12,665	12,646	19	0%
Trade and other payables	2,251	1,680	571	34%
Lease liabilities	13	14	-1	-7%
Due to related parties	33	33	0	0%
Advance rentals and deposits	234	238	-4	-2%
Customers' deposits	156	159	-3	-2%
Income tax payable	1	1	0	0%
	15,353	**14,771**	**582**	
NONCURRENT LIABILITIES				
Lease liabilities	120	122	-2	-2%
Retirement benefit liability	0	5	-5	-100%
Deferred tax liabilities - net	55	67	-12	-18%
	175	**194**	**-19**	
EQUITY				
Capital stock	9,562	9,246	316	3%
Additional paid-in capital	9,028	8,714	314	4%
Treasury shares - at cost	-10	-10	0	0%
Accumulated fair value gain (loss)	-98	-16	-82	513%
Cumulative translation adjustment	0	-6	6	-100%
Reserve for retirement plan	-227	-224	-3	1%
Other reserves	-280	-281	1	0%
Retained earnings	8,806	8,757	49	1%
Noncontrolling interest	1,854	355	1,499	422%
	28,635	**26,535**	**2,100**	

Cash and cash equivalents increased by 21% mainly due to additional subscription and collections received in 2021, reduced by payment for land acquisition and payment for interest and bank charges.

Receivables – net decreased by 13% due to collections made in 2021.

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

Other current - net increased by 7% 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.

Equity advances and investments in associates decreased by 21% mainly due to realization of deposit for investment for the purchase subsidiaries.

Investment property – net increased by 43% because of the additions in land from the newly acquired subsidiaries located in Southern Luzon.

Deferred tax assets – net decreased by 18% mainly due to reduction of net operating loss carry over (NOLCO) and impact of CREATE bill.

Trade and other payables increased by 34% mainly due to the deposit for future stock subscription from the Parent company.

Lease liabilities decreased by 8% due to payments made in 2021.

Retirement benefit liability decreased by P5 million mainly due to the contribution made in 2021.

Deferred tax liabilities – net decreased by 18% mainly due to the impact of CREATE law.

Accumulated fair value losses increased by P82 million due to the share in the unrealized loss recognized on Bank of Commerce's (BOC) financial assets measured at fair value through other comprehensive income (FVTOCI).).

Cumulative translation adjustment decreased by P6 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:

(In thousands)	March 31	
	2023	2022
Net cash from (used in) operating activities	**P 194,865**	(P 378,463)
Net cash used in investing activities	**(196,308)**	(698,021)
Net cash from (used in) financing activities	**(300,474)**	1,060,196

Net cash from operations basically consist 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:

(In thousands)	March 31	
	2023	2022
Additions to investment property	**(P 135,010)**	(P 9,035)
Acquisitions of property and equipment	**(70,303)**	(88,352)
Interest received	**11,223**	1,545
Additional equity advances	**(753)**	(1,430)
Acquisition of intangible assets	**(1,465)**	(749)
Acquisition of additional shares in various subsidiaries	**-**	(600,000)
Net cash used in investing activities	**(P 196,308)**	(P 698,021)

Net cash from financing activities includes the following:

(In thousands)	March 31	
	2023	2022
Net loan repayments	**(P 117,000)**	(58,000)
Interest paid	**(182,267)**	(75,098)
Collection of lease receivables	**2,645**	1,315
Repayment of lease liabilities	**(3,852)**	(2,718)
Proceeds from issuance of shares of stock	**-**	1,200,700
Share issuance costs paid	**-**	(6,003)
Net cash from financing activities	**(P 300,474)**	1,060,196

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	March 31, 2023	December 31, 2022
Current Ratio	**0.94 : 1.00**	0.95 : 1.00
Total Assets to Equity Ratio	**1.68 : 1.00**	1.69 : 1.00
Debt to Equity Ratio	**0.68 : 1.00**	0.69 : 1.00
Return on Average Equity Attributable to Owners of the Parent Company	**0.47%**	1.11%
	Period Ended March 31	
	2023	2022
Volume Growth		
Lease	**(0.30%)**	6.64%
Real Estate Sales	**(85.71%)**	(86.00%)
Hotel	**15.19%**	39.71%
Service income	**(2.12%)**	673.24%
Revenue Growth	**44.47%**	36.07%
Net Profit Margin	**23.93%**	23.18%
Interest Coverage Ratio	**2.04 : 1**	3.26 : 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	$\frac{\text{Total Assets}}{\text{Equity + Non-Controlling Interest}}$
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	$\frac{\text{Net Income}}{\text{Average Equity}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}}\right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}}\right) - 1$
Net Profit Margin	$\frac{\text{Net Profit}}{\text{Revenues}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest Expense and Other Financing Charges}}$

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 are presented below.

(In Thousands)		**March 31, 2023**		December 31, 2022
Within one year	**P**	**552,097**	P	582,156
After one year but not more than five years		**1,170,271**		1,137,405
After five years but not more than ten years		**2,881,377**		2,912,360
More than ten years		**2,581,722**		2,581,722
	P	**7,185,467**	P	7,213,643

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

	Net income (loss) after tax (in millions)	
Companies	**March 31, 2023**	**March 31, 2022**
Associates	195	89
SMPI Makati Flagship Realty	44	12
E-fare Investment Holdings Inc.	38	45
San Miguel Properties Inc.	-96	-5
Various subsidiaries	-15	-28
Consolidated net income	**166**	**113**

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Aging of Receivables
as of March 31, 2023
(Amounts in Thousand Philippine Pesos)

							TRADE RECEIVABLES PAST DUE							
	Total Receivables		***Non-Current***		***Current***		***Not more than 30 days***		***More than 30 days but not more than 60 days***		***More than 60 days but not more than 90 days***		***More than 90 days***	
Trade	P	708,233	P	487,286	P	52,182	P	83,832	P	28,411	P	10,797	P	45,725
Non-Trade		429,569		293,470		28,690		4,160		481		2,504		100,264
	P	**1,137,802**	**P**	**780,756**	**P**	**80,872**	**P**	**87,992**	**P**	**28,892**	**P**	**13,301**	**P**	**145,989**