

COVER SHEET

SEC Registration Number

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COMPANY NAME

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

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

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

Form Type

	1	7	Q
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

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Company's Telephone Number/s

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Mobile Number

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No. of Stockholders

909

Annual Meeting (Month/Day)

2nd Wednesday of May

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

MARIA ALMA C. GERONIMO

Email Address

mgeronimo@sanmiguel.com.ph

Telephone
Number/s

632-3288

Mobile Number

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CONTACT PERSON'S ADDRESS

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

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

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

1. For the quarterly period ended **MARCH 31, 2024**
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, 2024
Common Shares	1,499,684,229
Total Liabilities (in '000)	22,169,854

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, 2024 (with comparative figures as of December 31, 2023 and for the period ended March 31, 2023) 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

MAY 10, 2024

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2024 AND DECEMBER 31, 2023
(Amounts in Thousand Philippine Pesos)

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	18, 19	P 1,420,007	P 1,362,513
Receivables - net	18, 19	365,051	314,371
Real estate projects - net	4	1,314,964	1,495,734
Raw land inventory	5	9,494,897	9,494,924
Other current assets - net		<u>2,323,604</u>	<u>2,349,782</u>
Total Current Assets		<u>14,918,523</u>	<u>15,017,324</u>
NONCURRENT ASSETS			
Receivables - net	18, 19	803,871	811,824
Deposits on land for future development	6	1,877,065	1,852,313
Equity advances and investments in associates	7	12,483,885	12,302,678
Investment property - net	8	21,772,393	21,661,304
Property and equipment - net	9	7,893,484	7,836,696
Intangible assets - net	10	172,899	174,550
Deferred tax assets - net		406,922	395,282
Other noncurrent assets - net	11	<u>409,608</u>	<u>409,608</u>
Total Noncurrent Assets		<u>45,820,127</u>	<u>45,444,255</u>
TOTAL ASSETS		<u>P 60,738,650</u>	<u>P 60,461,579</u>

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans and borrowings	12, 18, 19	10,819,400	10,896,400
Trade and other payables	13, 18, 19	4,347,397	4,390,985
Lease liabilities	14, 18, 19	30,702	40,464
Due to related parties	15, 18, 19	33,357	33,357
Advance rentals and deposits	15, 18, 19	151,540	153,796
Customers' deposits		135,983	135,230
Income Tax Payable		10,409	1,672
Total Current Liabilities		15,528,788	15,651,904
NONCURRENT LIABILITIES			
Advance rentals and deposits	15, 18, 19	99,341	95,609
Lease liabilities	14, 18, 19	82,246	82,246
Retirement benefit liability		18,021	24,022
Deferred tax liabilities - net		182,219	176,101
Deposit for future stock subscription		968,626	748,126
Other noncurrent liabilities	13, 15	5,290,613	5,290,613
Total Noncurrent Liabilities		6,641,066	6,416,717
Total Liabilities		22,169,854	22,068,621
EQUITY			
Capital stock	16, 17	15,000,000	15,000,000
Additional paid-in capital	16	14,413,081	14,413,081
Treasury shares - at cost	16 (	9,515)	(9,515)
Accumulated fair value gains	7 (	230,647)	(190,188)
Cumulative translation adjustment	7 (	3,787)	(1,209)
Reserve for retirement plan	(	189,849)	(189,849)
Other Reserves	16 (	1,191,694)	(1,191,694)
Retained earnings	16, 17	10,344,847	10,124,570
Total equity attributable to owners of the Company		38,132,436	37,955,196
Noncontrolling interest		436,360	437,762
Total Equity		38,568,796	38,392,958
TOTAL LIABILITIES AND EQUITY	P	60,738,650	P 60,461,579

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

CERTIFIED CORRECT


MARIA ALMA C. GERONIMO
 FINANCE MANAGER


SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2024 and 2023
(Amounts in Thousand Philippine Pesos, Except Per Share Data)

	Notes	2024 Unaudited	2023 Unaudited
REVENUE	2		
Real estate sales		P 254,738	107,484
Room revenues		203,188	202,655
Rental income		185,566	P 182,455
Service income		129,688	122,864
Sale of food and beverages		74,431	68,128
Others		5,487	6,509
		<u>853,098</u>	<u>690,095</u>
COSTS OF SALES AND SERVICES			
Real estate sold		201,903	101,302
Room services		99,896	97,805
Cost of service		75,709	85,957
Food and beverages sold		61,787	51,965
Rentals		39,139	34,496
		<u>478,434</u>	<u>371,525</u>
GROSS PROFIT		374,664	318,570
OTHER OPERATING EXPENSES		<u>188,009</u>	<u>168,356</u>
OPERATING INCOME		<u>186,655</u>	<u>150,214</u>
OTHER INCOME (CHARGES)			
Share in profit of associates	7	222,843	195,283
Finance costs	12	(172,095)	(152,792)
Finance income		25,752	14,303
Miscellaneous income (charges) - net		(2,120)	(47,815)
		74,380	8,979
PROFIT BEFORE TAX		261,035	159,193
TAX EXPENSE (BENEFIT)	23	<u>16,506</u>	(5,938)
NET PROFIT		<u>244,529</u>	<u>165,131</u>
<i>Balance carried forward</i>		P 244,529	P 165,131

	Notes	2024 Unaudited	2023 Unaudited
<i>Balance brought forward</i>		P 244,529	P 165,131
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified			
subsequently to profit or loss			
Share in other comprehensive income (loss)			
of associates	7	1,129	231
Item that will be reclassified			
subsequently to profit or loss			
Share in other comprehensive income (loss)			
of associates	7	(44,166)	40,943
		(43,037)	41,174
TOTAL COMPREHENSIVE INCOME		201,492	206,305
Net profit attributable to:			
Equity holders of the Company		245,931	165,619
Noncontrolling interest		(1,402)	(488)
		<u>244,529</u>	<u>P 165,131</u>
Total comprehensive income attributable to:			
Equity holders of the Company		202,894	206,793
Noncontrolling interest		(1,402)	(488)
		<u>201,492</u>	<u>206,305</u>
Earnings (Loss) Per Share - Basic and Diluted	17	P 0.17	P 0.13

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

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MARIA ALMA C. GERONIMO
 FINANCE MANAGER

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2024 AND DECEMBER 31, 2023
(Amounts in Thousand Philippine Pesos)

	Attributable to Owners of the Parent Company											
	Capital Stock	Additional Paid-in Capital	Treasury Shares - at Cost	Accumulated Fair Value	Cumulative Translation Adjustment	Reserve for Retirement Plan	Other Reserves	Appropriated Retained Earnings	Unappropriated Retained Earnings		Noncontrolling Interest	Total Equity
	(See Note 16)	(See Note 16)	(See Note 16)	Gains (Losses)			(See Note 16)	(See Note 16)	(See Note 16)	Total		
Balance at January 1, 2024	15,000,000	14,413,081	(9,515)	(190,188)	(1,209)	(189,849)	(1,191,694)	4,500,000	5,624,570	37,955,196	437,762	38,392,958
Adjustment due to adoption of PFRS15	-	-	-	-	-	-	-	-	(25,654)	(25,654)	-	(25,654)
As restated	15,000,000	14,413,081	(9,515)	(190,188)	(1,209)	(189,849)	(1,191,694)	4,500,000	5,598,916	37,929,542	437,762	38,367,304
Transactions with owners												
Issuance of shares of stock	-	-	-	-	-	-	-	-	-	-	-	-
Transactions affecting non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(40,459)	(2,578)	-	-	-	245,931	202,894	(1,402)	201,492
Balance at March 31, 2024	15,000,000	14,413,081	(9,515)	(230,647)	(3,787)	(189,849)	(1,191,694)	4,500,000	5,844,847	38,132,436	436,360	38,568,796
	-	-	-	-	-	-	-	-	-	-	-	-
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	1,294,462	1,281,518	-	-	-	-	-	-	-	2,575,980	-	2,575,980
Collection of subscription receivable	178,950	178,950	-	-	-	-	-	-	-	357,900	-	357,900
Reversal of RE appropriation	-	-	-	-	-	-	-	(4,500,000)	4,500,000	-	-	-
Appropriation of RE	-	-	-	-	-	-	-	4,500,000	(4,500,000)	-	-	-
Transactions affecting Non-controlling interest	-	-	-	-	-	-	-	-	-	-	89	89
Total comprehensive income (loss) for the year	-	-	-	120,702	(3,109)	(130,878)	-	-	424,457	411,172	(2,168)	409,004
Balance at December 31, 2023	15,000,000	14,413,081	(9,515)	(190,188)	(1,209)	(189,849)	(1,191,694)	4,500,000	5,624,570	37,955,196	437,762	38,392,958

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

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MARIANNA C. GERONIMO
FINANCE MANAGER

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(Amounts in Thousand Philippine Pesos)

	<u>Notes</u>	<u>2024 Unaudited</u>	<u>2023 Unaudited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 261,035	P 159,193
Adjustments for:			
Share in profit of associates		(222,843)	(195,283)
Interest expense	12	208,146	152,792
Depreciation and amortization	8, 9, 10	48,769	38,400
Interest income		(25,752)	(14,303)
Impairment loss on investment property		1,662	-
Fair value gain - net	4	-	(750)
Operating profit before working capital changes		271,017	140,049
Decrease (increase) in receivables		(75,485)	4,441
Decrease in real estate projects	4	180,770	99,818
Decrease (increase) in other assets	11	26,801	(4,567)
Increase in deposits on land for future development	6	(58,075)	(80,471)
Increase (decrease) in trade and other payables	13	(6,049)	41,530
Increase (decrease) in advance rentals and deposits		1,476	(954)
Increase in customers' deposits		753	9,678
Increase (decrease) in retirement benefit liability		(6,001)	3,476
Cash from operations		335,207	213,000
Interest received		17,271	3,080
Cash paid for income taxes		(13,290)	(21,215)
Net Cash From Operating Activities		339,188	194,865
Balance brought forward		339,188	194,865

	<u>Notes</u>	<u>2024 Unaudited</u>	<u>2023 Unaudited</u>
<i>Balance carried forward</i>		<u>339,188</u>	<u>194,865</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment property	8	(90,450)	(135,010)
Acquisitions of property and equipment	9	(94,163)	(70,303)
Additions to intangible assets		-	(1,465)
Interest received		8,481	11,223
Additional equity advances	7	<u>(1,401)</u>	<u>(753)</u>
Net Cash Used in Investing Activities		<u>(177,533)</u>	<u>(196,308)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	12	(240,903)	(182,267)
Deposits received for future stock subscription		220,500	-
Net payments of borrowings	12	(77,000)	(117,000)
Repayment of lease liabilities		(9,762)	(3,852)
Collection of lease receivables		<u>3,004</u>	<u>2,645</u>
Net Cash Used in Financing Activities		<u>(104,161)</u>	<u>(300,474)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>57,494</u>	<u>(301,917)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>1,362,513</u>	<u>2,008,455</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u><u>P 1,420,007</u></u>	<u><u>P 1,706,538</u></u>

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, 2024
(With comparative figures for 2023)

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, 2024 and comparative financial statements for the same period in 2023 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 2024 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, 2024:

PAS 1 (Amendments)	: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
IAS 1 (Amendments)	: Noncurrent Liability with Covenants
PFRS 16 (Amendments)	: Lease Liability in a Sale and Leaseback
PAS 7 and PFRS 7 (Amendments)	: Supplier Finance Arrangements and Financial Instruments Disclosures

Discussed below are the relevant information about these pronouncements.

- (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 entity's own instruments.
- (ii) 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.
- (iii) PFRS 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.
- (iv) PAS 7 (Amendments), *Supplier Finance Arrangements, Statement of Cash Flows* and PFRS 7, *Financial Instruments: Disclosures* (effective January 1, 2024). The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

Under the amendments, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

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 2024 but not Adopted Early

There are new PFRS, interpretation, amendments and annual improvements to existing standards effective for annual periods subsequent to 2024, 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) PFRS 17, *Insurance Contracts*, replaces the interim standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and simplified approach (the premium allocation approach) mainly for short-duration contracts

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).

PFRS 17 is effective for annual reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- (ii) PAS 21 (Amendments), *Lack of Exchangeability*, *The effects of Changes in Foreign Exchange Rates*. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the entity uses a presentation currency other than its functional currency.

- (iii) Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual reporting periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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, 2024 and 2023.

	Leasing	Sale of Real Estate	Service Income	Hotel Operations	Total
2024 (Unaudited)					
Segment revenues	P 185,566	P 254,738	P 129,688	P 283,106	P 853,098
Cost of real estate sold	-	(201,903)	-	-	(201,903)
Cost of rentals	(39,139)	-	-	-	(39,139)
Cost of room services	-	-	-	(99,896)	(99,896)
Cost of food and beverage sold	-	-	-	(61,787)	(61,787)
Cost of service income	-	-	(75,709)	-	(75,709)
Other operating expenses	(40,872)	(75,187)	(34,920)	(37,030)	(188,009)
Segment Operating Profit (Loss)	P 105,555	(P 22,352)	P 19,059	P 84,393	P 186,655
	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

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). In 2023, the Group settled a portion of the said payable amounting to P772,940. No similar transaction in 2024.

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). In 2023, the Group made payments on the outstanding payable on acquisition of noncontrolling interest amounting to P168,006.

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 transactions in 2023 and 2024.

4. REAL ESTATE PROJECTS

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Subdivision houses and lots	P 1,064,222	P 1,065,904
Construction-in-progress (CIP)	250,742	429,830
	<u>P 1,314,964</u>	<u>P 1,495,734</u>

The movements of this account as of March 31, 2024 and December 31, 2023 are shown in the succeeding page.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the year	P 1,495,734	P 1,500,792
Additions during the year	21,133	126,466
Sales during the year	(201,903)	(203,978)
Reclassification during the year	-	72,454
Balance at end of the period	<u>P 1,314,964</u>	<u>P 1,495,734</u>

The net realizable value of real estate projects is higher than its carrying value as of March 31, 2024 and December 31, 2023, 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, 2024 and December 31, 2023.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
SMPI	P 7,312,101	P 7,312,128
Agricultural	778,074	778,074
Geosolutions	605,508	605,508
Rapidshare	229,806	229,806
E-fare	182,945	182,945
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
	<u>P 9,494,897</u>	<u>P 9,494,924</u>

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	P 9,494,924	P 9,311,702
Additions during the year	-	-
Sales during the year	-	(189)
Reclassification during the year	(27)	183,411
Balance at end of the period	<u>P 9,494,897</u>	<u>P 9,494,924</u>

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 are presented as Trade and Other Payables and Other Noncurrent Liabilities accounts in the consolidated statement of financial position (see Note 13).

In 2023, the Company sold a portion of land amounting to P189 to a related party under common control and is presented as part of Cost of Real Estate Sold in the consolidated statement of comprehensive income.

In 2023, the Group reclassified to Raw Land Inventory certain parcels of land originally part of Investment Property, amounting to P186,302, from being originally held for rental purposes to being held for sale, and Deposit on Land for Future Development amounting to P16.

In 2024 and 2023, the Group also reclassified a parcel of land originally recognized as part of Raw Land Inventory to Investment Property due to change of use amounting to P27 and P2,907, respectively (see Note 8).

Management determined that these properties have a total fair value of P25,517,993 as of March 31, 2024 and December 31, 2023, respectively. Fair value is determined by independent appraisers through appraisal reports, from existing bid or offer prices, and from recent sale of adjacent properties.

Information about the fair value measurement and disclosures related to raw land inventories are presented in Note 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, 2024. Accordingly, the Group also presented the outstanding balance of deposits as of March 31, 2024 and December 31, 2023 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, 2024 (Unaudited)		December 31, 2023 (Audited)
Balance at beginning of year	P	1,852,313	P	1,805,251
Additions		58,075		156,270
Reclassifications	(	33,323)	(	109,208)
Balance at end of the period	P	1,877,065	P	1,852,313

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, 2024 and December 31, 2023.

7. EQUITY ADVANCES AND INVESTMENTS IN ASSOCIATES

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

	Notes	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)
Investment in associates	7.1	P 12,335,556	P	12,155,750
Equity advances	7.2	148,329		146,928
		P 12,483,885	P	12,302,678

7.1 *Investments in Associates*

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Acquisition costs:		
BankCom	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:		
BankCom	3,822,984	2,931,975
NLI	299,270	255,100
	4,122,254	3,187,075
Share in profit:		
BankCom	222,843	885,107
NLI	-	44,170
Share in other comprehensive income (loss) of BankCom:		
Fair value gains (losses) on financial assets at FVOCI	(43,187)	100,322
Equity reserve for retirement plan	-	(91,986)
Cumulative translation adjustment	150	(2,434)
	(43,037)	5,902
Net change during the year	179,806	935,179
Balance at end of the year	P 12,335,556	P 12,155,750

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

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
<u>BankCom</u>		
Total assets	P 242,851,130	P 231,667,979
Total liabilities	211,433,572	200,816,706
Revenues	3,214,306	11,762,570
Profit	701,028	2,802,219
Other comprehensive income (loss)	(134,743)	18,479
<u>NLI</u>		
Total assets	P 2,988,272	P 2,988,272
Total liabilities	264,068	264,068
Revenues	-	294,419
Profit	-	220,845

BankCom is required to meet certain ratios under the Bangko Sentral ng Pilipinas (BSP) regulations to manage the risks inherent in the banking business. As of the end of the reporting periods, BankCom has complied with the statutory and regulatory capital requirements which were computed based on the regulatory accounting policies that differ from PFRS in some aspects. BankCom'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 Board of Directors (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 BankCom 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 BankCom 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 BankCom, which includes the 280,602,800 common shares subject of the initial public offering. The 1,403,013,920 common shares of BankCom were listed with the Main Board of the PSE on March 31, 2022.

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 2023, 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, 2024 and December 31, 2023 amounted to P819,023.

The movements of these equity advances are presented below.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	P 146,928	P 640,299
Additions	1,401	4,204
Impairment loss	-	(498,495)
Reclassification	-	920
Balance at end of the period	<u>P 148,329</u>	<u>P 146,928</u>

8. INVESTMENT PROPERTY

The gross amounts and accumulated depreciation and amortization of investment property as of March 31, 2024 and December 31, 2023 shown below.

	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Capital Projects- in-Progress</u>	<u>ROU Asset</u>	<u>Total</u>
March 31, 2024						
Cost	P 19,546,006	P 18,081	P 1,362,709	P 1,432,508	P 61,461	P 22,420,765
Accumulated depreciation, amortization and impairment	-	(8,122)	(589,456)	(15,922)	(34,872)	(648,372)
Net carrying amount	<u>P 19,546,006</u>	<u>P 9,959</u>	<u>P 773,253</u>	<u>P 1,416,586</u>	<u>P 26,589</u>	<u>P 21,772,393</u>
December 31, 2023						
Cost	P 19,460,375	P 19,287	P 1,362,678	P 1,390,288	P 61,461	P 22,294,089
Accumulated depreciation amortization and impairment	-	(7,936)	(577,408)	(14,260)	(33,181)	(632,785)
Net carrying amount	<u>P 19,460,375</u>	<u>P 11,351</u>	<u>P 785,270</u>	<u>P 1,376,028</u>	<u>P 28,280</u>	<u>P 21,661,304</u>
January 1, 2023						
Cost	P 18,866,741	P 67,164	P 1,250,835	P 852,291	P 61,461	P 21,098,492
Accumulated depreciation amortization and impairment	-	(7,574)	(541,363)	-	(26,418)	(575,355)
Net carrying amount	<u>P 18,866,741</u>	<u>P 59,590</u>	<u>P 709,472</u>	<u>P 852,291</u>	<u>P 35,043</u>	<u>P 20,523,137</u>

A reconciliation of the carrying amounts of investment property as of March 31, 2024 and December 31, 2023 shown below.

	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Capital Projects- in-Progress</u>	<u>ROU Asset</u>	<u>Total</u>
Balance at January 1, 2024, net of accumulated depreciation, amortization and impairment	P 19,460,375	P 11,351	P 785,270	P 1,376,028	P 28,280	P 21,661,304
Additions	52,281	-	32	38,137	-	90,450
Reclassification	33,350	(1,065)	-	4,083	-	36,368
Impairment	-	-	-	(1,662)	-	(1,662)
Depreciation and amortization charges during the year	-	(327)	(12,049)	-	(1,691)	(14,067)
Balance at March 31, 2024, net of accumulated Depreciation, amortization and impairment	<u>P 19,546,006</u>	<u>P 9,959</u>	<u>P 773,253</u>	<u>P 1,416,586</u>	<u>P 26,589</u>	<u>P 21,772,393</u>
	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Capital Projects- in-Progress</u>	<u>ROU Asset</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation, amortization and impairment	P 18,866,741	P 59,590	P 709,472	P 852,291	P 35,043	P 20,523,137
Additions	355,002	6,795	2,254	463,869	-	827,920
Reclassification	238,632	(54,206)	109,123	74,128	-	367,677
Impairment	-	-	-	(14,260)	-	(14,260)
Depreciation and amortization charges during the year	-	(828)	(35,579)	-	(6,763)	(43,170)
Balance at December 31, 2023, net of accumulated Depreciation, amortization and impairment	<u>P 19,460,375</u>	<u>P 11,351</u>	<u>P 785,270</u>	<u>P 1,376,028</u>	<u>P 28,280</u>	<u>P 21,661,304</u>

The total rental income earned from investment property and the related costs are presented as Rental Income and Cost of Rentals accounts, respectively, in the consolidated statements of comprehensive income. On the other hand, the direct operating costs of investment properties that did not generate rental income, which mostly pertains to real property taxes, contracted services and depreciation expense amounted to P13,501 and P50,434 in March 31, 2024 and December 31, 2023, respectively.

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

In 2024 and 2023, the Group recognized allowance for impairment for certain investment properties amounting to P1,662 and P14,260, respectively, as the management assessed that certain portion were no longer recoverable.

Based on the recent reports of independent appraisers, the Group's investment properties have a total fair value of P54,562,556 and P54,582,236 as of March 31, 2024 and December 31, 2023, 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, 2024 and December 31, 2023 shown below.

		<u>Land</u>	<u>Building and Improvements</u>	<u>Machineries and Transportation Equipment</u>	<u>Furniture Fixture and Other Improvements</u>	<u>Capital Projects in-Progress</u>	<u>Right-of-use Asset</u>	<u>Total</u>
March 31, 2024								
Cost	P	699,822	P 3,606,910	P 238,903	P 644,813	P 4,249,068	P 51,088	P 9,490,604
Accumulated depreciation and amortization		-	(785,986)	(119,972)	(603,962)	-	(21,020)	(1,530,940)
Accumulated impairment loss		-	(1,020)	-	-	(65,160)	-	(66,180)
Net carrying amount		<u>P 699,822</u>	<u>P 2,819,904</u>	<u>P 118,931</u>	<u>P 40,851</u>	<u>P 4,183,908</u>	<u>P 30,068</u>	<u>P 7,893,484</u>
December 31, 2023								
Cost	P	699,822	P 3,605,639	P 238,902	P 638,812	P 4,166,501	P 51,088	P 9,400,764
Accumulated depreciation amortization and impairment		-	(769,778)	(113,186)	(598,942)	(65,160)	(17,002)	(1,564,068)
Net carrying amount		<u>P 699,822</u>	<u>P 2,835,861</u>	<u>P 125,716</u>	<u>P 39,870</u>	<u>P 4,101,341</u>	<u>P 34,086</u>	<u>P 7,836,696</u>
January 1, 2023								
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		<u>P 1,086,288</u>	<u>P 2,947,302</u>	<u>P 145,954</u>	<u>P 37,603</u>	<u>P 3,713,137</u>	<u>P 10,200</u>	<u>P 7,940,484</u>

A reconciliation of the carrying amounts of property and equipment as of March 31, 2024 and December 31, 2023 shown below.

		<u>Land</u>	<u>Building and Improvements</u>	<u>Machineries and Transportation Equipment</u>	<u>Furniture Fixture and Other Improvements</u>	<u>Capital Projects in-Progress</u>	<u>Right-of-use Asset</u>	<u>Total</u>
Balance at January 1, 2024, net of accumulated depreciation, amortization, and impairment	P	699,822	P 2,835,861	P 125,716	P 39,870	P 4,101,341	P 34,086	P 7,836,696
Additions		-	65	-	6,000	82,506	-	88,571
Reclassification		-	1,065	-	-	61	-	1,126
Depreciation and amortization charges for the year		-	(17,087)	(6,785)	(5,019)	-	(4,018)	(32,909)
Net carrying amount		<u>P 699,822</u>	<u>P 2,819,904</u>	<u>P 118,931</u>	<u>P 40,851</u>	<u>P 4,183,908</u>	<u>P 30,068</u>	<u>P 7,893,484</u>
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		-	1,145	6,556	20,787	434,666	39,533	502,687
Reclassification	(	386,466)	(44,525)	-	18	18,698	-	(412,275)
Impairment		-	-	-	-	(65,160)	-	(65,160)
Depreciation and amortization charges for the year		-	(68,061)	(26,794)	(18,538)	-	(15,647)	(129,040)
Net carrying amount		<u>P 699,822</u>	<u>P 2,835,861</u>	<u>P 125,716</u>	<u>P 39,870</u>	<u>P 4,101,341</u>	<u>P 34,086</u>	<u>P 7,836,696</u>

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

Certain fully depreciated assets with acquisition costs of P562,734 as of March 31, 2024 are still being used in the Group's operations.

In 2023, the Group has assessed that one of its Capital projects-in-progress with an accumulated cost amounting to P65,160 was impaired and the related loss was recognized as part of Miscellaneous Income (Charges) – net account in the 2023 consolidated statement of comprehensive income. No similar transactions in 2024.

10. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of intangible assets as of March 31, 2024 and December 31, 2023 shown below.

	<u>Software Licenses</u>	<u>Land Use Rights</u>	<u>Total</u>
March 31, 2024			
Cost	P 55,797	P 164,213	P 220,010
Accumulated amortization	(<u>46,005</u>)	(<u>1,106</u>)	(<u>47,111</u>)
Net carrying amount	<u>P 9,792</u>	<u>P 163,107</u>	<u>P 172,899</u>
December 31, 2023			
Cost	P 55,797	P 164,213	P 220,010
Accumulated amortization	(<u>44,354</u>)	(<u>1,106</u>)	(<u>45,460</u>)
Net carrying amount	<u>P 11,443</u>	<u>P 163,107</u>	<u>P 174,550</u>
January 1, 2023			
Cost	P 49,546	P 164,213	P 213,759
Accumulated amortization	(<u>38,677</u>)	(<u>1,106</u>)	(<u>39,783</u>)
Net carrying amount	<u>P 10,869</u>	<u>P 163,107</u>	<u>P 173,976</u>

A reconciliation of the carrying amounts of intangible assets as of March 31, 2024 and December 31, 2023 shown below.

	<u>Software Licenses</u>	<u>Land Use Rights</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated amortization	P 11,443	P 163,107	P 174,550
Additions	-	-	-
Reclassification	-	-	-
Amortization charges for the year	(<u>1,651</u>)	-	(<u>1,651</u>)
Balance at March 31, 2024, net of accumulated amortization	<u>P 9,792</u>	<u>P 163,107</u>	<u>P 172,899</u>
Balance at January 1, 2023, net of accumulated amortization	P 10,869	P 163,107	P 173,976
Additions	6,023	-	6,023
Reclassification	228	-	228
Amortization charges for the year	(<u>5,677</u>)	-	(<u>5,677</u>)
Balance at December 31, 2023, net of accumulated amortization	<u>P 11,443</u>	<u>P 163,107</u>	<u>P 174,550</u>

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

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 2024 and 2023 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, 2024 and December 31, 2023:

	<u>Notes</u>		
Input VAT clearing	11.1	P	342,262
Goodwill	11.2		27,462
Financial assets at FVOCI	11.3		39,884
			<hr/>
Balance at the end of the period		P	409,608
			<hr/>

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 2024 and 2023.

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 6.5% to 7.5% in March 31, 2024 and 2.0% to 5.0% in December 31, 2023. The related loan agreements do not contain loan covenant provisions.

Interest expense charged to operations amounted to P153,310 and P131,645 in 2024 and 2023, respectively, and is presented as part of Finance Costs account in the consolidated statements of comprehensive income. Unpaid interest amounting to P49,375 and P50,558 as of March 31, 2024 and December 31, 2023, respectively, is shown as part of Accrued interest payable 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, 2024 and 2023.

13. TRADE AND OTHER PAYABLES

This account is composed of:

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current:			
Accounts payable		P 3,759,089	P 3,800,080
Accrued expenses	3, 5, 9	256,009	252,351
Retention payable		180,088	177,577
Taxes payable		143,148	152,228
Provisions		4,564	4,564
Other payables	12	4,499	4,185
		4,347,397	4,390,985
Noncurrent:			
Accounts payable	3, 5	5,290,613	5,290,613
		P 9,638,010	P 9,681,598

Accounts payable (current and non-current portion) includes interest-bearing and noninterest-bearing payables for acquisition of raw land inventory and additional investment in subsidiaries with interest rate of 5.11% per annum (see Notes 3.1, 5 and 15). Interest expense incurred on these payables in 2023 amounting to P36,052 is presented as part of Finance Costs in the 2023 consolidated statements of comprehensive income. In 2023, the Group did not incur interest expense on some of these payables based on the conditions set and agreed by both parties.

Accrued expenses include accruals for various operating expenses, such as interest expense, outside services and short-term employee benefits.

Contract liabilities and dividend declaration, if any, are 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.

14. LEASES

The Group leases a certain building with remaining lease term of three 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 statements 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, 2024 consolidated statement of financial position (see Note 8).

The Group also leases a certain parcel of land where one of its buildings stands. The Group recognized Right-of-use asset for the leased land as part of Investment Property and Property and Equipment account (see Notes 8, 9) and the corresponding liability as part of Lease Liabilities account in the March 31, 2024 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.

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost or location or determined that it is advantageous to remain in a location beyond the original lease term. The future cash outflows to which the Group is potentially exposed are not reflected in the measurement of lease liabilities and represent the amount of security deposit to be forfeited in case the lease is terminated. An option is only exercised when consistent with the Group's business strategy and the economic benefit of exercising such option exceeds the expected overall cost. As of March 31, 2024 and December 31, 2023, the Group has no historical experience of exercising termination options for its existing lease agreements.

In 2023, the Group entered into different lease agreements to be used for offices with remaining lease term of two 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, 2024 and December 31, 2023 are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current	P 30,702	P 40,464
Non-current	<u>82,246</u>	<u>82,246</u>
	<u>P 112,948</u>	<u>P 122,710</u>

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 San Miguel Corporation (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	2024 2023	P 37,324 32,815	P 16,681 17,358	P 3,949 657	P 76,565 97,345	On demand or 30 days from the date of billing; Noninterest-bearing	Secured by advance rentals and security deposits, and unsecured
Under Common Control	8,9,14	2024 2023	278,460 279,312	20,964 11,003	658,161 601,353	7,426,082 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
Associates		2024 2023	130 127	- -	478,097 222,250	- -	On demand; Interest-bearing	Secured
			2024 P 315,914	P 37,645	P 1,140,207	P 7,502,647		
			2023 P 312,254	P 28,361	P 824,260	P 9,535,299		

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

advances. Contract receivables are payable in cash based on monthly amortization schedule. Rental receivables from lease of properties are payable in cash within 30 days from the date of billing. Accounts receivables and equity advances are payable in cash on demand.

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

16. EQUITY

16.1 Capital Stock

The Company's capital stock consists of:

	Shares		Amount	
	2024	2023	2024	2023
Capital stock – P10 par value				
Authorized	<u>1,500,000,000</u>	<u>1,500,000,000</u>	<u>P 15,000,000</u>	<u>P 15,000,000</u>
Issued and outstanding:				
Balance at beginning of year	1,500,000,000	1,370,553,798	P 15,000,000	P 13,705,538
Issued during the year	-	129,446,202	-	1,294,462
Balance at end of year	1,500,000,000	1,500,000,000	15,000,000	15,000,000
Subscription receivable	-	-	-	-
Treasury stock – at cost	(315,771)	(315,771)	(9,515)	(9,515)
Total outstanding	<u>1,499,684,229</u>	<u>1,499,684,229</u>	<u>P 14,990,485</u>	<u>P 14,990,485</u>

On January 30, 1998, San Miguel Properties Philippines, Inc. (SMPPPI) and Monterey Farms Corporation (MFC) executed a merger, which made MFC as the surviving entity. Prior to the merger, the shares of MFC totaling 115,919,850 was already listed and approved by PSE on January 30, 1986. These shares were initially issued at an offer price of P10 per share. There were no additional shares listed subsequent to the initial listing. On July 14, 1998, the SEC approved the change of corporate name from MFC to San Miguel Properties, Inc.

On January 3, 2012, the PSE issued Memorandum Circular No. 2012-0003, announcing the effectivity of the Amended Rule on Minimum Public Ownership. Under this memorandum, all listed companies are required to maintain a minimum public ownership of 10% of all issued and outstanding shares. On December 28, 2012, the Company received a letter from PSE imposing trading suspension until June 30, 2013 due to failure to comply with the minimum public ownership requirement.

On February 5, 2013, the BOD approved the filing of the petition for voluntary delisting and conduct of a tender for the acquisition of common shares held by the minority shares. On March 4, 2013, the Company filed with the PSE the petition for voluntary delisting with May 6, 2013 as the effective date of the delisting of the Company's common shares from the PSE. On April 25, 2013, the PSE approved the voluntary delisting of the Company following the completed tender offer made to acquire 1,072 shares from minority shareholders of which 309 shares was transferred and recorded as treasury shares for an equivalent transaction value of P41.

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

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

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

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

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

In 2023, SMC, on separate occasions, subscribed to additional shares in the Parent Company from the unsubscribed portion of existing authorized capital stock amounting to P2,045,410 divided into 102,270,500 shares with a par value of P10 per share. This subscription, including the collection of subscription receivables from prior years amounting to P357,900, consequently resulted to total additions to Capital Stock and Additional Paid-in Capital accounts amounting to P1,201,655 and P1,191,428, respectively. Total costs amounting to P10,227 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, 2024 and December 31, 2023. The Company is still qualified to be a public corporation based on its quasi-public registration with the SEC.

As of March 31, 2024 and December 31, 2023, 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, 2024 and December 31, 2023, and also, the accumulated share in profit of associates amounting to P4,302,060 and 4,122,254 for the periods then ended.

16.3 Appropriation of Retained Earnings

On May 8, 2023, the Company's BOD reversed the appropriation amounting to P4,500,000 as the purpose for which such appropriations were currently on hold. Also on the same date, the Company's BOD approved the appropriation of P4,500,000 of the Company's unrestricted retained earnings for the development of Bugsuk project which are expected to be completed within the next fifteen years from appropriation.

16.4 Other Reserves

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

In 2018 and 2016, the Group acquired interests in Integrated Geosolution and ZEE2 Resources for a total consideration amounting to P229,500 and P290,700, respectively. Also in 2022, the Group acquired the remaining 31.7% NCI in Integrated Geosolutions, Inc. for a total consideration of P1,050,040.

The Group also increased its ownership interest in the subsidiaries acquired through asset acquisition in 2022 from 76% to 94% and in 2021 for up to 76%, for an additional consideration of P900,000 and P300,000, respectively.

Such changes in ownership interest did not result to obtaining or losing control, hence, the differences between consideration or exercise price of the put option paid by the Group and corresponding additional shares in the net assets acquired by the Group as of March 31, 2024 and December 31, 2023, both amounting to P1,194,694, is recognized as Other Reserves under the Equity section of consolidated statements of financial position (see Note 3.1).

17. EARNINGS PER SHARE

Basic and diluted earnings per share amounts as of March 31, 2024 were computed as follows:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Net profit (loss) attributable to owners of the parent company for the period	P 245,931	P 165,619
Divided by weighted average number of outstanding common shares (<i>in thousands</i>)	<u>1,436,358</u>	<u>1,288,294</u>
Earnings (loss) per share – basic and diluted	<u><u>P 0.17</u></u>	<u><u>P 0.13</u></u>

The weighted average number of shares as of March 31, 2024 is computed as follows:

	Number of Shares	Months Outstanding	Weighted Number of Shares
Balance at beginning of year	1,366,068,527	12	16,392,822,324
	41,101,500	9	369,913,500
	65,338,500	6	392,031,000
	27,175,702	3	81,527,106
Share issuance during period	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>1,499,684,229</u>		17,236,293,930
Divided by			<u>12</u>
Weighted average number of shares outstanding			<u><u>1,436,357,828</u></u>

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

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, 2024 and December 31, 2023. 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 95% level of confidence.

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

	March 31, 2024 (Unaudited)		March 31, 2023 (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 28,565)	+ 1.40 %	(P 30,509)
Net decrease	- 1.40 %	28,565	- 1.40 %	30,509

(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, 2024 and December 31, 2023 (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and cash equivalents	P 1,413,590	P 1,355,317
Receivables - net (excluding advances to contractors)	917,290	876,716
	<u>P 2,330,880</u>	<u>P 2,232,033</u>

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500 for every depositor per banking institution.

(b) *Receivables and Contract Assets*

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

The Group's Contract receivables and Contract assets relate mostly to receivables from third parties arising from sale of real estate and undeveloped land. The Group uses credit loss rate approach to calculate ECL for Contract receivables and Contract assets. The management determined that there is no required ECL to be recognized on the Group's Contract receivables and Contract assets as it is secured to the extent of the fair value of the real properties sold since the title to the real estate properties remains with the Group until the contract assets or receivables are fully collected. Therefore, there is no expected loss given default as the recoverable amount from subsequent resale of the real estate is sufficient.

ECL for the Group's accounts receivables and due from related parties, on the other hand, is determined based on the related parties' ability to repay the advances upon demand at the reporting date, taking into consideration historical defaults from the related parties.

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

The Group's management considers that all the financial assets are not impaired, except those specifically provided with allowance for impairment, as of the end of the reporting periods.

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, 2024 based on contractual undiscounted payments is as follows:

	Current		Noncurrent	
	Within 6 months	6 to 12 months	1 to 3 years	Later than 3 years
Loans and borrowings	P 10,868,775	P -	P -	P -
Trade and other payables	3,974,786	180,088	6,481,694	-
Rental deposits	58,617	18,450	31,386	1,187
Lease Liabilities	12,316	24,707	79,436	16,582
Due to related parties	<u>33,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P 14,947,851</u>	<u>P 223,245</u>	<u>P 6,592,516</u>	<u>P 17,769</u>

The maturity profile of the Group's financial liabilities (excluding unpaid taxes and provisions) as of December 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 10,946,958	P -	P -	P -
Trade and other payables	4,010,623	177,577	6,481,694	-
Rental deposits	55,596	21,072	30,125	1,187
Lease Liabilities	24,474	24,707	79,240	16,582
Due to related parties	<u>33,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P 15,071,008</u>	<u>P 223,356</u>	<u>P 6,591,059</u>	<u>P 17,769</u>

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

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, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Financial assets at amortized cost:					
Cash and cash equivalents		P 1,420,007	P 1,420,007	P 1,362,513	P 1,362,513
Receivables – net (excluding advances to contractors)		917,290	917,290	876,716	876,716
Financial assets at FVOCI	11.3	39,884	39,884	39,884	39,884
		P 2,377,181	P 2,377,181	P 2,279,113	P 2,279,113

		March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial liabilities					
Financial liabilities at amortized cost:					
Loans and borrowings	12	P 10,819,400	P 10,819,400	P 10,896,400	P 10,896,400
Trade and other payables	13	9,494,864	8,930,202	9,529,370	8,964,709
Lease liabilities	14	112,948	133,040	122,710	145,004
Due to related parties	15	33,357	33,357	33,357	33,357
Rental deposits		<u>109,640</u>	<u>109,640</u>	<u>107,980</u>	<u>107,980</u>
		<u>P 20,570,209</u>	<u>P 20,025,639</u>	<u>P 20,689,817</u>	<u>P 20,147,450</u>

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 2024 and 2023 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, 2024 and December 31, 2023 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, 2024 and December 31, 2023. 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, 2024 and December 31, 2023.

The Group has no financial liabilities measured at fair value as of March 31, 2024 and December 31, 2023.

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, 2024 and December 31, 2023.

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, 2024 and December 31, 2023 under review is summarized as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Total liabilities	P 22,169,854	P 22,068,621
Total equity	38,568,796	38,392,958
Debt-to-equity ratio	0.57:1.00	0.57:1.00

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

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

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Properties, Inc. (“SMPI” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of and for the period ended March 31, 2024 (with comparative figures as of December 31, 2023 and for the period ended March 31, 2023). All necessary adjustments to present fairly the consolidated financial position, performance, and cash flows of the Group as of March 31, 2024, 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. 2024 KEY TRANSACTIONS

(a) Additional subscription

San Miguel Corporation (“Parent Company”) made additional deposits for future stock subscription to the Company worth P220M.

During the quarter, the Company increased its subscription in the following subsidiaries: (1) P11M in Moonspring; (2) P5M in Newspaces; (3) P1M in various subsidiaries. The subscriptions were fully paid in 2024.

The Company also made additional deposits for future stock subscriptions to the following subsidiaries: (1) La Belle – P126M; (2) Zee2 – P15M; (3) Bricktree – P14M; (4) Quick Silver– P13M; and (5) various subsidiaries – P8M.

Additional subscription and deposit for future stocks were made to subsidiaries engaged to purchase, lease, donation and to own, use, improve, subdivide, sell, mortgage, exchange, develop and hold investments in real estate of all kinds, and to improve, manage or otherwise deal with or dispose of buildings, houses, apartments and other structure of whatever kind.

(b) Acquisition of properties

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

II. FINANCIAL PERFORMANCE

2024 vs. 2023

In Millions PHP	Unaudited	Unaudited	Changes	
	2024	2023	Amount	%
REVENUES				
Real estate sales	255	107	148	138%
Room revenues	203	203	0	0%
Rental income	185	183	2	1%
Service income	130	123	7	6%
Sale of food and beverages	74	68	6	9%
Others	6	6	0	0%
	853	690	163	
COSTS OF SALES AND SERVICES				
Real estate sold	202	101	101	100%
Room services	99	98	1	1%
Service Cost	76	86	-10	-12%
Food and beverages sold	62	52	10	19%
Rentals	39	35	4	11%
	478	372	106	28%
GROSS PROFIT	375	318	57	18%
OTHER OPERATING EXPENSES	188	168	20	12%
OPERATING PROFIT	187	150	37	
OTHER INCOME (CHARGES)				
Share in profit of associates	223	195	28	14%
Finance costs	-172	-152	-20	13%
Finance income	26	14	12	86%
Miscellaneous income (charges) - net	-2	-48	46	-96%
	75	9	66	
PROFIT BEFORE TAX	262	159	103	65%
TAX EXPENSE (BENEFIT)	17	-6	23	-383%
NET PROFIT AFTER TAX	245	165	80	48%
NONCONTROLLING INTEREST	-1	-1	0	0%
NET PROFIT	246	166	80	48%

The Group ended the quarter with P246 million net income attributable to the net owners of the company from P166 million net income in 2023. This was mainly due to the increase in revenue for real estate and increase in share in profit of associates.

Real estate sales increased by P148 million mainly due to the sale of property located in NCR.

Service income increased by 6% mainly due to increase in volume and scope of services rendered by the Group.

Cost of sales increased by 28% primarily because of the increase in real estate sales.

The Group's operating expenses posted a 12% increase as compared with 2023 due to the increase in manpower costs, higher contracted services of hotel, increase in depreciation expense and higher real property taxes and business taxes of various subsidiaries.

Share in profit of associates increased from P195 million to P223 million in 2024 as a result of higher income earned by Bank of Commerce (BankCom).

Finance costs increased by 13% mainly because of higher interest rates in 2024.

Finance income increased by P12 million due to implementation of PFRS 15 *Significant Financing Component* on real estate sales wherein an interest income should be recognized when percentage of completion is greater than percentage of collection.

Miscellaneous income (charges) – net decreased from P48 million to P2 million charges brought by lower donations made in 2024 .

Tax expense (benefit) increased from P6 million benefit to P17 million expense mainly due to reduction of net operating loss carry over (NOLCO) and impact of CREATE law lowered by the additional provision recognized in 2024.

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 first quarter of 2023 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 in 2023.

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 (BankCom).

Finance costs increased by 88% mainly due to higher interest rates 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 decreased by P1 million mainly due to lower net loss of certain subsidiary.

III. FINANCIAL POSITION

2024 vs. 2023

In Millions Php	Unaudited	Audited	Changes	
	2024	2023	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	1,420	1,362	58	4%
Receivables - net	365	314	51	16%
Real estate projects	1,315	1,496	-181	-12%
Raw land inventory	9,495	9,495	0	0%
Other current assets - net	2,323	2,350	-27	-1%
	14,918	15,017	-99	
NONCURRENT ASSETS				
Receivables - net	804	812	-8	-1%
Deposits on land for future development	1,877	1,852	25	1%
Equity advances and investments in associate	12,484	12,303	181	1%
Investment property - net	21,772	21,661	111	1%
Property and equipment - net	7,893	7,837	56	1%
Intangible assets - net	173	174	-1	-1%
Deferred tax assets - net	407	395	12	3%
Other noncurrent assets - net	410	410	0	0%
	45,820	45,444	376	
CURRENT LIABILITIES				
Loans and borrowings	10,820	10,897	-77	-1%
Trade and other payables	4,347	4,391	-44	-1%
Lease liabilities	31	40	-9	-23%
Due to related parties	33	33	0	0%
Advance rentals and deposits	152	154	-2	-1%
Customers' deposits	136	135	1	1%
Income tax payable	10	2	8	400%
	15,529	15,652	-123	
NONCURRENT LIABILITIES				
Advance rentals and deposits	99	96	3	3%
Lease liabilities	82	82	0	0%
Retirement benefit liability	18	24	-6	-25%
Deferred tax liabilities - net	182	176	6	3%
Deposit for future stock subscription	969	748	221	30%
Other noncurrent liabilities	5,291	5,291	0	0%
	6,641	6,417	224	
EQUITY				
Capital stock	15,000	15,000	0	0%
Additional paid-in capital	14,413	14,413	0	0%
Treasury shares - at cost	-10	-10	0	0%
Accumulated fair value gain (loss)	-230	-190	-40	21%
Cumulative translation adjustment	-4	-1	-3	300%
Reserve for retirement plan	-190	-190	0	0%
Other reserves	-1,192	-1,192	0	0%
Retained earnings	10,345	10,124	221	2%
Noncontrolling interest	436	438	-2	0%
	38,568	38,392	176	

Receivables – net increased by 16% while the Real estate projects decreased by 12% mainly due to the sale of property located in NCR.

Lease liabilities decreased by P9 million mainly due to payments made in 2024.

Income tax payable increased by P8 million due to the higher taxable income of a certain subsidiary.

Retirement benefit liability decreased by P6 million primarily due to contributions made in 2024.

Deposit for future stock subscription increased by 30% due to additional cash received from Parent Company.

Accumulated fair value losses increased by 21% mainly due to higher unrealized loss recognized on BankCom's financial assets measured at fair value through other comprehensive income (FVOCI).

Cumulative translation adjustment increased by P3 million due to the share in translation adjustments recognized by BankCom.

2023 vs. 2022

In Millions Php	Audited	Audited	Changes	
	2023	2022	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	1,362	2,008	-646	-32%
Receivables - net	314	398	-84	-21%
Real estate projects	1,496	1,501	-5	0%
Raw land inventory	9,495	9,312	183	2%
Other current assets - net	2,350	2,155	195	9%
	15,017	15,374	-357	
NONCURRENT ASSETS				
Receivables - net	812	774	38	5%
Deposits on land for future development	1,852	1,805	47	3%
Equity advances and investments in associates	12,303	11,861	442	4%
Investment property - net	21,661	20,523	1,138	6%
Property and equipment - net	7,837	7,940	-103	-1%
Intangible assets - net	174	174	0	0%
Deferred tax assets - net	395	167	228	137%
Retirement benefits asset	0	23	-23	-100%
Other noncurrent assets - net	410	521	-111	-21%
	45,444	43,788	1,656	
CURRENT LIABILITIES				
Loans and borrowings	10,897	11,476	-579	-5%
Trade and other payables	4,391	4,282	109	3%
Lease liabilities	40	23	17	74%
Due to related parties	33	33	0	0%
Advance rentals and deposits	154	136	18	13%
Customers' deposits	135	171	-36	-21%
Income tax payable	2	1	1	100%
	15,652	16,122	-470	
NONCURRENT LIABILITIES				
Advance rentals and deposits	96	114	-18	-16%
Lease liabilities	82	92	-10	-11%
Retirement benefit liability	24	0	24	100%
Deferred tax liabilities - net	176	127	49	39%
Deposit for future stock subscription	748	0	748	100%
Other noncurrent liabilities	5,291	7,657	-2,366	-31%
	6,417	7,990	-1,573	
EQUITY				
Capital stock	15,000	13,527	1,473	11%
Additional paid-in capital	14,413	12,953	1,460	11%
Treasury shares - at cost	-10	-10	0	0%
Accumulated fair value gain (loss)	-190	-311	121	-39%
Cumulative translation adjustment	-1	2	-3	-150%
Reserve for retirement plan	-190	-59	-131	222%
Other reserves	-1,192	-1,192	0	0%
Retained earnings	10,124	9,700	424	4%
Noncontrolling interest	438	440	-2	0%
	38,392	35,050	3,342	

Cash and cash equivalents decreased by 32% mainly due to payments made for land acquisition, taxes, interest and bank charges, reduced by additional subscription and collections received in 2023.

Receivables – net decreased by P46 million due to the increased efficiency in collection of long outstanding receivables.

Investment property - net increased by 6% primarily due to additional property acquired in Central and Southern Luzon and in Western Visayas.

Deferred tax assets - net increased by 137% mainly due to additional provision on impairment and recognition of NOLCO and MCIT in 2023.

Loans and borrowings decreased by 5% mainly due to repayment of loans in 2023.

Lease liabilities increased by 6% mainly due to additional lease agreements executed in 2023.

Customers' deposits decreased by P36 million mainly due to the recognition of sales resulting from the transfer of deposits collected from customers to receivables.

Income tax payable increased by P1 million due to higher taxable income of a certain subsidiary.

Retirement benefit liability increased primarily due to the recognition of additional liability for the Company's plan, payment to separated employees and increase in the number of personnel.

Deferred tax liabilities - net increased by 39% because of additional recognition of PAS17, *Leases*, on the Group's lease contracts and revaluation of financial assets measured in fair value through other comprehensive income (FVOCI).

Deposit for future stock subscription increased due to additional cash received from Parent Company.

Trade and other payables and other noncurrent liabilities decreased by 19% mainly due to settlement of outstanding payable on land acquisition, acquisition of noncontrolling interest and subsidiaries in 2022.

Capital stock and additional paid-in capital increased by 11% mainly due to additional subscriptions from the Parent Company.

Accumulated fair value losses decreased by 39% mainly due to lower unrealized loss recognized on BankCom's financial assets measured at fair value through other comprehensive income (FVOCI).

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

Reserves for retirement plan increased by P131 million primarily due to higher re-measurement losses of the Company and BankCom.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movement is shown below:

<i>(In thousands)</i>	March 31	
	2024	2023
Net cash from operating activities	P 339,188	P 194,865
Net cash used in investing activities	(177,533)	(196,308)
Net cash used in financing activities	(104,161)	(300,474)

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

Net cash used in investing activities includes the following:

<i>(In thousands)</i>	March 31	
	2024	2023
Additions to investment property	(P 90,450)	(P 135,010)
Acquisitions of property and equipment	(94,163)	(70,303)
Interest received	8,481	11,223
Acquisition of intangible assets	-	(1,465)
Additional equity advances	(1,401)	(753)
Net cash used in investing activities	(P 177,533)	(P 196,308)

Net cash from financing activities includes the following:

<i>(In thousands)</i>	March 31	
	2024	2023
Interest paid	(P 240,903)	(P 182,267)
Deposits received for future stock subscription	220,500	-
Net payments of borrowings	(77,000)	(117,000)
Repayment of lease liabilities	(9,762)	(3,852)
Collection of lease receivables	3,004	2,645
Net cash used in financing activities	(P 104,161)	(P 300,474)

V. KEY PERFORMANCE INDICATORS

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

Key Performance Indicators	March 31, 2024	December 31, 2023
Current Ratio	0.96 : 1.00	0.96 : 1.00
Total Assets to Equity Ratio	1.57 : 1.00	1.57 : 1.00
Debt to Equity Ratio	0.57 : 1.00	0.57 : 1.00

Return on Average Equity Attributable to Owners of the Parent Company	0.64%	1.15%
	Period Ended March 31	
	2024	2023
Volume Growth		
Lease	2.26%	(0.30%)
Real Estate Sales	200%	(85.71%)
Hotel	(4.49%)	15.19%
Service income	5.55%	(2.12%)
Revenue Growth	23.62%	44.47%
Net Profit Margin	28.66%	23.93%
Interest Coverage Ratio	2.96 : 1	2.04 : 1

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

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

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 ten years, with renewal options, and include annual escalation rates of 3% to 10%.

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

<i>(In Thousands)</i>	March 31, 2024		December 31, 2023	
Within one year	P	563,034	P	587,856
After one year but not more than five years		1,209,806		1,215,125
After five years but not more than ten years		2,998,211		3,061,183
More than ten years		2,186,133		2,206,212
	P	6,957,184	P	7,070,376

2. Operating Lease – Group as Lessee

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

3. Legal Claims

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

b. Material Events and Uncertainties

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

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

c. 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 BankCom 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 BankCom 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 BankCom, which includes the 280,602,800 common shares subject to the initial public offering. The 1,403,013,920 common shares of BankCom were listed with the Main Board of the PSE on March 31, 2022.

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

Companies	Net income (loss) after tax (in millions)	
	March 31, 2024	March 31, 2023
Associates	223	195
SMPI Makati Flagship Realty	36	44
E-fare Investment Holdings Inc.	32	38
Tierra Verdosa Real Estate Services Inc.	7	5
Lanes & Bi-Ways Realty Corp	7	9
San Miguel Properties Inc.	-30	-96
Various subsidiaries	-29	-29
Consolidated net income	246	166

SAN MIGUEL PROPERTIES, INC. AND SUBSIDIARIES
SEC Released Amended SRC Rule 68
Annex 68-E
Aging of Receivables
as of March 31, 2024
(Amounts in Thousand Philippine Pesos)

			TRADE RECEIVABLES PAST DUE				
	<i>Total Receivables</i>	<i>Non-Current</i>	<i>Current</i>	<i>Not more than 30 days</i>	<i>More than 30 days but not more than 60 days</i>	<i>More than 60 days but not more than 90 days</i>	<i>More than 90 days</i>
Trade	P 880,762	P 574,491	P 184,377	P 90,604	P 17,518	P 5,197	P 8,575
Non-Trade	<u>288,160</u>	<u>229,380</u>	<u>43,149</u>	<u>1,881</u>	<u>362</u>	<u>121</u>	<u>13,267</u>
	<u>P 1,168,922</u>	<u>P 803,871</u>	<u>P 227,526</u>	<u>P 92,485</u>	<u>P 17,880</u>	<u>P 5,318</u>	<u>P 21,842</u>