

# COVER SHEET

SEC Registration Number

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**COMPANY NAME**

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

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Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q		

**COMPANY INFORMATION**

Company's Email Address	Company's Telephone Number	Mobile Number
-	8857-0100	-
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,260		03/31

**CONTACT PERSON INFORMATION**

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Franklin C. Gomez	-	8857-0100	-

**CONTACT PERSON'S ADDRESS**

<b>10<sup>th</sup> Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300</b>
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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.

SEC Number 16342  
PSE Disclosure Security Code \_\_\_\_\_

**SM INVESTMENTS CORPORATION**

\_\_\_\_\_  
(Company's Full Name)

**10<sup>th</sup> Floor, One E-Com Center, Harbor Drive,  
Mall of Asia Complex, CBP-IA, Pasay City 1300**

\_\_\_\_\_  
(Company's Address)

**8857- 0100**

\_\_\_\_\_  
(Telephone Number)

**December 31**

\_\_\_\_\_  
(Year Ending)  
(month & day)

**SEC Form 17-Q  
1<sup>st</sup> Quarter Report**

\_\_\_\_\_  
Form Type

\_\_\_\_\_  
Amendment Designation (If applicable)

**March 31, 2021**

\_\_\_\_\_  
Period Ended Date

\_\_\_\_\_  
(Secondary License Type and File Number)

**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, 2021**
2. Commission Identification Number **016342** 3. BIR Tax Identification No. **169-020-000**
4. Exact name of registrant as specified in its charter **SM INVESTMENTS CORPORATION**
5. **PHILIPPINES**  
Province, Country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. **10<sup>th</sup> Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-IA, Pasay City  
1300**  
Address of principal office Postal Code
8. **8857-0100**  
Registrant's telephone number, including area code
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

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt Outstanding
<b>COMMON STOCK P10 PAR VALUE</b>	<b>1,204,582,867</b>	<b>N.A.</b>

11. Are any or all of these securities listed on the Philippine Stock Exchange.  
Yes [] No []
12. Indicate by check mark whether the registrant:  
(a) has filed all reports required to be filed by Section 11 of the Securities Regulation Code (SRC) and SRC Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);  
Yes [] No []  
(b) has been subject to such filing requirements for the past 90 days.  
Yes [] No []

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## **PART II – SIGNATURE**

<b>PART I FINANCIAL INFORMATION</b>
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**Item 1. Interim Condensed Consolidated Financial Statements**

**SM INVESTMENTS CORPORATION AND SUBSIDIARIES**

Interim Condensed Consolidated Financial Statements  
as at March 31, 2021 and for the  
Three-Month Periods Ended March 31, 2021 and 2020  
(with Comparative Audited Consolidated Balance Sheet as at  
December 31, 2020)

**SM INVESTMENTS CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET**  
**March 31, 2021**  
**With Comparative Audited Figures as at December 31, 2020**  
**(Amounts in Thousands)**

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 5 and 22)	P60,411,703	P78,159,197
Time deposits (Notes 6 and 22)	1,003	31,012
Financial assets at fair value through comprehensive income (FVOCI) (Notes 7 and 22)	562,050	568,146
Receivables and contract assets (Notes 8 and 22)	60,028,957	60,526,230
Inventories (Note 9)	77,220,685	72,056,045
Other current assets (Notes 10 and 22)	44,217,918	43,170,378
<b>Total Current Assets</b>	<b>242,442,316</b>	<b>254,511,008</b>
<b>Noncurrent Assets</b>		
Financial assets at FVOCI - net of current portion (Notes 7 and 22)	24,689,151	27,278,240
Investments in associate companies and joint ventures (Note 11)	299,756,281	296,265,722
Time deposits - net of current portion (Notes 6, 19 and 22)	1,604,447	1,356,442
Property and equipment (Note 12)	26,097,805	26,087,448
Investment properties (Note 13)	440,532,933	435,466,724
Right-of-use assets – net (Note 21)	41,549,226	41,979,029
Intangibles (Note 14)	24,528,018	24,588,503
Deferred tax assets (Note 20)	4,728,490	4,671,969
Other noncurrent assets (Notes 14 and 22)	115,163,163	112,318,650
<b>Total Noncurrent Assets</b>	<b>978,649,514</b>	<b>970,012,727</b>
	<b>P1,221,091,830</b>	<b>P1,224,523,735</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Bank loans (Notes 15, 19 and 22)	P18,512,624	P24,126,000
Accounts payable and other current liabilities (Notes 16 and 22)	135,919,202	149,231,108
Income tax payable	3,494,331	2,649,041
Current portion of long-term debt (Notes 17, 19, 22 and 23)	37,284,685	60,121,438
Dividends payable	3,007,737	3,829,207
<b>Total Current Liabilities</b>	<b>198,218,579</b>	<b>239,956,794</b>
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Notes 17, 19, 22 and 23)	360,219,742	330,731,798
Lease liabilities - net of current portion (Note 21)	28,639,015	28,868,164
Deferred tax liabilities (Note 20)	13,082,483	12,614,979
Tenants' deposits and others (Notes 22 and 23)	46,201,731	47,624,102
<b>Total Noncurrent Liabilities</b>	<b>448,142,971</b>	<b>419,839,043</b>
<b>Total Liabilities</b>	<b>646,361,550</b>	<b>659,795,837</b>

(Forward)

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
<b>Equity Attributable to Owners of the Parent</b>		
Capital stock (Note 18)	<b>₱12,045,829</b>	₱12,045,829
Additional paid-in capital	<b>75,823,506</b>	75,823,506
Equity adjustments from common control transactions	<b>(5,424,455)</b>	(5,424,455)
Cost of Parent common shares held by subsidiaries	<b>(25,386)</b>	(25,386)
Cumulative translation adjustment	<b>1,059,021</b>	895,922
Net fair value changes on cash flow hedges	<b>(1,812,823)</b>	(2,741,387)
Net unrealized gain on financial assets at FVOCI	<b>12,144,344</b>	16,506,435
Remeasurement loss on defined benefit asset/obligation	<b>(6,066,075)</b>	(6,066,075)
Retained earnings (Note 18):		
Appropriated	<b>37,000,000</b>	37,000,000
Unappropriated	<b>285,288,769</b>	275,818,556
Total Equity Attributable to Owners of the Parent	<b>410,032,730</b>	403,832,945
<b>Non-controlling Interests</b>	<b>164,697,550</b>	160,894,953
Total Equity	<b>574,730,280</b>	564,727,898
	<b>₱1,221,091,830</b>	₱1,224,523,735

*See accompanying Notes to Consolidated Financial Statements.*

**SM INVESTMENTS CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME**  
(Amounts in Thousands Except Per Share Data)

	<b>Three-Month Periods Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUES</b>		
Sales:		
Merchandise	<b>₱68,109,894</b>	₱78,289,599
Real estate	<b>11,749,409</b>	11,293,965
Rent (Note 19)	<b>7,371,952</b>	11,076,148
Equity in net earnings of associate companies and joint ventures	<b>6,145,052</b>	5,298,309
Cinema ticket sales, amusement and others	<b>102,298</b>	955,640
Dividend, management fees and others	<b>3,404,219</b>	4,238,832
	<b>96,882,824</b>	111,152,493
<b>COST AND EXPENSES</b>		
Cost of sales:		
Merchandise (Note 9)	<b>51,213,855</b>	59,434,998
Real estate (Note 13)	<b>5,132,394</b>	4,964,036
Selling, general and administrative expenses	<b>21,897,438</b>	26,550,681
	<b>78,243,687</b>	90,949,715
<b>OTHER INCOME (CHARGES)</b>		
Interest expense (Note 19)	<b>(3,926,078)</b>	(4,192,716)
Interest income (Note 19)	<b>502,189</b>	764,626
Gain on fair value changes on derivatives - net (Note 23)	<b>161,408</b>	472
Foreign exchange gain (loss) - net and others (Note 22)	<b>17,038</b>	(10,097)
	<b>(3,245,443)</b>	(3,437,715)
<b>INCOME BEFORE INCOME TAX</b>	<b>15,393,694</b>	16,765,063
<b>PROVISION FOR INCOME TAX (Note 20)</b>		
Current	<b>1,524,651</b>	2,727,400
Deferred	<b>416,079</b>	260,770
	<b>1,940,730</b>	2,988,170
<b>NET INCOME</b>	<b>₱13,452,964</b>	₱13,776,893
<b>Attributable to</b>		
Owners of the Parent	<b>₱9,470,213</b>	₱9,007,277
Non-controlling interests	<b>3,982,751</b>	4,769,616
	<b>₱13,452,964</b>	₱13,776,893
<b>Basic/Diluted Earnings Per Common Share</b>		
<b>Attributable to Owners of the Parent (Note 24)</b>	<b>₱7.86</b>	₱7.48

See accompanying Notes to Consolidated Financial Statements.

**SM INVESTMENTS CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME**  
(Amounts in Thousands)

	<b>Three-Month Periods Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>NET INCOME</b>	<b>₱13,452,964</b>	<b>₱13,776,893</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<b>Items that will be reclassified to profit or loss in subsequent periods</b>		
Share in unrealized loss on financial assets at fair value through other comprehensive income (FVOCI) of associates	(2,168,675)	(2,860,183)
Cumulative translation adjustment	218,496	(231,447)
Net fair value changes on cash flow hedges	1,296,935	(184,091)
	<b>(653,244)</b>	<b>(3,275,721)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods</b>		
Net unrealized loss on financial assets at FVOCI	(1,149,402)	(8,991,818)
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	(1,454,988)	(129,618)
	<b>(2,604,390)</b>	<b>(9,121,436)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱10,195,330</b>	<b>₱1,379,736</b>
<b>Attributable to</b>		
Owners of the Parent	<b>₱6,199,785</b>	<b>(₱1,622,486)</b>
Non-controlling interests	<b>3,995,545</b>	<b>3,002,222</b>
	<b>₱10,195,330</b>	<b>₱1,379,736</b>

*See accompanying Notes to Consolidated Financial Statements.*

## SM INVESTMENTS CORPORATION AND SUBSIDIARIES

### UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

(Amounts in Thousands Except Per Share Data)

	Equity Attributable to Owners of the Parent											Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment	Net Fair Value Changes on Cash Flow Hedges	Net Unrealized Gain (Loss) on Financial Assets at Fair Value through other Comprehensive Income (FVOCI)	Remeasurement loss on Defined Benefit Asset/Obligation	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total		
As at December 31, 2020	₱12,045,829	₱75,823,506	(₱5,424,455)	(₱25,386)	₱895,922	(₱2,741,387)	₱16,506,435	(₱6,066,075)	₱37,000,000	₱275,818,556	₱403,832,945	₱160,894,953	₱564,727,898
Net income	-	-	-	-	-	-	-	-	-	9,470,213	9,470,213	3,982,751	13,452,964
Other comprehensive income	-	-	-	-	163,099	928,564	(4,362,091)	-	-	-	(3,270,428)	12,794	(3,257,634)
Total comprehensive income	-	-	-	-	163,099	928,564	(4,362,091)	-	-	9,470,213	6,199,785	3,995,545	10,195,330
Decrease in previous year's non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(192,948)	(192,948)
As at March 31, 2021 (Unaudited)	₱12,045,829	₱75,823,506	(₱5,424,455)	(₱25,386)	₱1,059,021	(₱1,812,823)	₱12,144,344	(₱6,066,075)	₱37,000,000	₱285,288,769	₱410,032,730	₱164,697,550	₱574,730,280
As at December 31, 2019	₱12,045,829	₱75,815,923	(₱5,424,455)	(₱25,386)	₱1,308,228	(₱1,406,026)	₱14,399,640	(₱8,633,269)	₱37,000,000	₱257,546,591	₱382,627,075	₱153,524,403	₱536,151,478
Net income	-	-	-	-	-	-	-	-	-	9,007,277	9,007,277	4,769,616	13,776,893
Other comprehensive income	-	-	-	-	(117,842)	114,874	(10,626,795)	-	-	-	(10,629,763)	(1,767,394)	(12,397,157)
Total comprehensive income	-	-	-	-	(117,842)	114,874	(10,626,795)	-	-	9,007,277	(1,622,486)	3,002,222	1,379,736
Increase in previous year's non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	702,928	702,928
As at March 31, 2020 (Unaudited)	₱12,045,829	₱75,815,923	(₱5,424,455)	(₱25,386)	₱1,190,386	(₱1,291,152)	₱3,772,845	(₱8,633,269)	₱37,000,000	₱266,553,868	₱381,004,589	₱157,229,553	₱538,234,142

**SM INVESTMENTS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands)

	<b>Three-Month Periods Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱15,393,694</b>	₱16,765,063
Adjustments for:		
Equity in net earnings of associate companies and joint ventures	<b>(6,145,052)</b>	(5,298,309)
Depreciation and amortization (Notes 11, 12 and 14)	<b>4,615,624</b>	4,839,355
Interest expense	<b>3,926,078</b>	4,192,716
Interest income	<b>(502,189)</b>	(764,626)
Dividend, management fees and others	<b>(74,270)</b>	(31,261)
Unrealized foreign exchange loss and others	<b>43,502</b>	127,080
Gain on fair value changes on derivatives - net	<b>(161,408)</b>	(472)
Income before working capital changes	<b>17,095,979</b>	19,829,546
Decrease (increase) in:		
Receivables and contract assets	<b>78,511</b>	(2,069,865)
Inventories	<b>(6,565,028)</b>	(7,449,418)
Other current assets	<b>(758,390)</b>	(2,361,137)
Increase (decrease) in:		
Accounts payable and other current liabilities	<b>(9,795,952)</b>	(11,396,372)
Tenants' deposits and others	<b>272,067</b>	3,094,114
Net cash generated from (used in) operations	<b>327,187</b>	(353,132)
Income tax paid	<b>(680,748)</b>	(2,059,721)
Net cash used in operating activities	<b>(353,561)</b>	(2,412,853)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of:		
Property and equipment	<b>7,854</b>	-
Investment properties	<b>1,060</b>	2,059
Additions to:		
Investment properties (Note 12)	<b>(9,481,277)</b>	(6,427,855)
Property and equipment (Note 11)	<b>(1,201,905)</b>	(1,700,207)
Financial assets at fair value through other comprehensive income (FVOCI)	<b>(1,427)</b>	(2,854,936)
Investments in associate companies and joint ventures	<b>(100,620)</b>	-
Decrease (increase) in:		
Time deposits	<b>(217,995)</b>	15,498
Other noncurrent assets	<b>(2,488,904)</b>	(10,219,030)
Dividends received	<b>1,276,857</b>	1,487,908
Interest received	<b>272,230</b>	537,258
Net cash used in investing activities	<b>(11,934,127)</b>	(19,159,305)

(Forward)

	<b>Three-Month Periods Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availments of:		
Long-term debt	<b>P40,481,635</b>	P17,600,412
Bank loans	<b>708,624</b>	28,223,000
Payments of:		
Long-term debt	<b>(34,592,386)</b>	(13,452,316)
Bank loans	<b>(6,322,000)</b>	(11,202,291)
Lease liabilities	<b>(1,480,465)</b>	(790,178)
Dividends	<b>(821,470)</b>	(247,075)
Interest	<b>(3,530,783)</b>	(3,630,577)
Net cash provided by (used in) financing activities	<b>(5,556,845)</b>	16,500,975
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(17,844,533)</b>	(5,071,183)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>97,039</b>	(313,879)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (Note 5)</b>	<b>78,159,197</b>	76,213,774
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)</b>	<b>P60,411,703</b>	P70,828,712

*See accompanying Notes to Consolidated Financial Statements.*

# **SM INVESTMENTS CORPORATION AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. Corporate Information**

SM Investments Corporation (SMIC or Parent Company) was incorporated in the Philippines on January 15, 1960. On December 27, 2019, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Parent Company's articles of incorporation changing its corporate life to perpetual. Its registered office address is 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300.

SMIC is one of the largest publicly listed companies in the Philippines with interests in market leading businesses in retail, banking and property. It also invests in ventures that capture high growth opportunities in the emerging Philippine economy.

The accompanying interim consolidated financial statements were authorized for issue by the Board of Directors (BOD), as approved and recommended for approval by the Audit Committee on May 5, 2021.

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### **2. Basis of Preparation and Statement of Compliance**

#### Basis of Preparation

The interim condensed consolidated financial statements of the Parent Company and its subsidiaries (the Group) are prepared on a historical cost basis, except for derivative financial instruments and financial assets at fair value through other comprehensive income (FVOCI) and liabilities which are measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRSs). All values are rounded to the nearest thousand Peso except when otherwise indicated.

The interim condensed consolidated financial statements have been prepared under the going concern assumption. The Group believes that its businesses would remain relevant despite challenges posed by the COVID-19 pandemic. Despite the adverse impact of the COVID-19 pandemic on short-term business results, long-term prospects remain attractive.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2020.

#### Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. As at March 31, 2021, there were no significant changes in the Parent Company's ownership interest in its subsidiaries.

### Significant Accounting Judgments, Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Changes in these estimates and assumptions could result in outcomes that may require material adjustments to the carrying amounts of the affected assets or liabilities in the future.

Except as otherwise stated, there were no significant changes in accounting judgments, estimates, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

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### 3. **Summary of Significant Accounting Policies, Changes and Improvements**

#### The following new PFRSs became effective beginning January 1, 2021:

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform.
- Relief from discontinuing hedging relationships.
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The following information shall also be disclosed:

- Nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021, with retroactive application and without restatement of prior period financial statements.

#### Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with retroactive application.

#### 4. Segment Information

The Group has identified three reportable operating segments as follows: property, retail, and banking and others.

The property segment is involved in mall, residential and commercial development and hotel and convention center operations. The mall segment develops, conducts, operates and maintains the business of modern commercial shopping centers and all businesses related thereto such as the conduct, operation and maintenance of shopping center spaces for rent, amusement centers and cinemas within the compound of the shopping centers. The residential and commercial segments are involved in the development and transformation of major residential, commercial, entertainment and tourism districts through sustained capital investments in buildings and infrastructure. The hotels and convention centers segment engages in and carries on the business of hotels and convention centers and operates and maintains any and all services and facilities incident thereto.

The retail segment is engaged in the retail/wholesale trading of merchandise such as dry goods, wearing apparels, food and other merchandise.

The banking and others segment primarily includes the operations of the Parent Company which is engaged in asset management and capital investments as well as its associate companies which include the banks.

The BOD monitors the operating results of each of its business units for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

#### Operating Segment Financial Data

	<b>Three-Month Period Ended March 31, 2021 (Unaudited)</b>				
	<b>Property</b>	<b>Retail</b>	<b>Banking and Others</b>	<b>Eliminations/ Adjustments</b>	<b>Consolidated</b>
	<i>(In Thousands)</i>				
Revenue:					
External customers	<b>P19,971,916</b>	<b>P69,940,961</b>	<b>P6,969,947</b>	<b>P-</b>	<b>P96,882,824</b>
Inter-segment	<b>2,306,923</b>	<b>42,371</b>	<b>484,306</b>	<b>(2,833,600)</b>	<b>-</b>
	<b>P22,278,839</b>	<b>P69,983,332</b>	<b>P7,454,253</b>	<b>(P2,833,600)</b>	<b>P111,152,493</b>
Segment results:					
Income before income tax	<b>P7,906,053</b>	<b>P2,483,888</b>	<b>P5,003,753</b>	<b>P-</b>	<b>P15,393,694</b>
Provision for income tax	<b>(1,279,662)</b>	<b>(663,189)</b>	<b>2,121</b>	<b>-</b>	<b>(1,940,730)</b>
Net income	<b>P6,626,391</b>	<b>P1,820,699</b>	<b>P5,005,874</b>	<b>P-</b>	<b>P13,776,893</b>
Net income attributable to:					
Owners of the Parent	<b>P3,238,501</b>	<b>P1,301,184</b>	<b>P4,930,528</b>	<b>P-</b>	<b>P9,470,213</b>
Non-controlling interests	<b>3,387,890</b>	<b>519,515</b>	<b>75,346</b>	<b>-</b>	<b>3,982,751</b>

Three-Month Period Ended March 31, 2020 (Unaudited)

	Property	Retail	Banking and Others	Eliminations/ Adjustments	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	₱24,453,291	₱80,927,693	₱5,771,509	₱-	₱111,152,493
Inter-segment	3,028,498	-	605,840	(3,634,338)	-
	₱27,481,789	₱80,927,693	₱6,377,349	(₱3,634,338)	₱111,152,493
Segment results:					
Income before income tax	₱10,771,091	₱2,079,521	₱3,914,451	₱-	₱16,765,063
Provision for income tax	(2,172,200)	(745,473)	(70,497)	-	(2,988,170)
Net income	₱8,598,891	₱1,334,048	₱3,843,954	₱-	₱13,776,893
Net income attributable to:					
Owners of the Parent	₱4,273,442	₱950,387	₱3,783,448	₱-	₱9,007,277
Non-controlling interests	4,325,449	383,661	60,506	-	4,769,616

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## 5. Cash and Cash Equivalents

This account consists of:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
	<i>(In Thousands)</i>	
Cash on hand and in banks (Note 19)	<b>₱16,729,358</b>	₱26,603,364
Temporary investments (Note 19)	<b>43,682,345</b>	51,555,833
	<b>₱60,411,703</b>	₱78,159,197

Cash in banks earn interest at the respective bank deposit rates. Temporary investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group. These investments earn interest at prevailing rates.

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## 6. Time Deposits

This account consists of time deposits as follows:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
	<i>(In Thousands)</i>	
Current	<b>₱1,003</b>	₱31,012
Noncurrent	<b>1,604,447</b>	1,356,442
	<b>₱1,605,450</b>	₱1,387,454

The time deposits bear interest ranging from 0.3% to 3.8% in 2021 and 0.5% to 1.6% in 2020.

Time deposits with various maturities within one year were used as collateral for some credit lines.

## 7. Financial Assets at FVOCI

This account consists of:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
	<i>(In Thousands)</i>	
Financial assets at FVOCI:		
Shares of stock		
Listed	<b>₱23,532,419</b>	₱26,133,219
Unlisted	<b>1,703,762</b>	1,701,227
Club shares	<b>15,020</b>	11,940
	<b>25,251,201</b>	27,846,386
Less current portion	<b>562,050</b>	568,146
Noncurrent portion	<b>₱24,689,151</b>	₱27,278,240

## 8. Receivables and Contract Assets

This account consists of:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
	<i>(In Thousands)</i>	
Trade:		
Real estate buyers	<b>₱100,502,973</b>	₱97,178,460
Third party tenants	<b>6,254,820</b>	5,868,337
Related party tenants (Note 19)	<b>312,485</b>	972,723
Others	<b>16,598</b>	38,512
Due from related parties (Note 19)	<b>34,680</b>	1,180,589
Management and service fees (Note 19)	<b>2,343,633</b>	2,437,479
Dividends (Note 19)	<b>262,661</b>	732,953
	<b>109,727,850</b>	108,409,053
Less allowance for expected credit loss (ECL)	<b>1,066,859</b>	1,066,130
	<b>108,660,991</b>	107,342,923
Less noncurrent portion of receivables from real estate buyers (Note 14)	<b>48,632,034</b>	46,816,693
Current portion	<b>₱60,028,957</b>	₱60,526,230

*\*Includes unbilled revenue from sale of real estate amounting to ₱84,115.5 million and ₱86,631.4 million as at March 31, 2021 and December 31, 2020, respectively.*

Allowance for ECL is provided for receivable from sales of real estate, receivable from tenants and other receivables which were identified to be impaired based on specific assessment.

## 9. Inventories

This account consists of:

	<b>March 31, 2021</b>	December 31, 2020
	<b>(Unaudited)</b>	(Audited)
	<i>(In Thousands)</i>	
Merchandise inventories - at cost	<b>₱30,924,760</b>	₱28,352,564
Land and development - current	<b>33,176,619</b>	34,933,442
Condominium and residential units for sale	<b>13,119,306</b>	8,770,039
	<b>₱77,220,685</b>	₱72,056,045

### Merchandise Inventories

The movements in this account follow:

	<b>March 31, 2021</b>	December 31, 2020
	<b>(Unaudited)</b>	(Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	<b>₱28,352,564</b>	₱33,157,622
Purchases	<b>53,786,051</b>	215,440,140
Total goods available for sale	<b>82,138,615</b>	248,597,762
Less cost of merchandise sales	<b>51,213,855</b>	220,245,198
Balance at end of period	<b>₱30,924,760</b>	₱28,352,564

The merchandise inventories are stated at cost as at March 31, 2021 and December 31, 2020.

### Land and Development

The movements in “Land and development - current” accounted as real estate inventories follow:

	<b>March 31, 2021</b>	December 31, 2020
	<b>(Unaudited)</b>	(Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	<b>₱34,933,442</b>	₱37,935,968
Development cost incurred	<b>5,702,955</b>	18,139,432
Transfer from land and development - noncurrent (Note 13)	<b>2,023,232</b>	1,830,013
Cost of real estate sold	<b>(4,527,056)</b>	(18,447,226)
Transfer to condominium and residential units for sale	<b>(4,922,631)</b>	(4,850,262)
Reclassification and others	<b>(33,323)</b>	325,517
Balance at end of period	<b>₱33,176,619</b>	₱34,933,442

Land and development includes the cost of land as well as construction cost of ongoing residential projects.

Included in land and development accounted as real estate inventories are contract fulfillment assets amounting to ₱2,061.1 million and ₱1,745.0 million as at March 31, 2021 and December 31, 2020, respectively, representing the unamortized portion of land cost.

The estimated cost to complete the projects amounted to ₱108,743.3 million and ₱106,678.6 million as at March 31, 2021 and December 31, 2020, respectively.

Land and development is stated at cost. There is no allowance for inventory writedown as at March 31, 2021 and December 31, 2020.

#### Condominium and Residential Units for Sale

The movements in this account follow:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	<b>₱8,770,039</b>	₱6,026,426
Transfer from land and development	<b>4,922,631</b>	4,850,262
Cost of real estate sold	<b>(605,338)</b>	(2,136,756)
Repossessed inventories and others	<b>31,974</b>	30,107
Balance at end of period	<b>₱13,119,306</b>	₱8,770,039

The condominium and residential units for sale are stated at cost as at March 31, 2021 and December 31, 2020.

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#### 10. Other Current Assets

This account consists of:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
	<i>(In Thousands)</i>	
Prepaid taxes and other prepayments	<b>₱15,680,227</b>	₱14,249,890
Bonds and deposits	<b>10,152,993</b>	9,983,733
Receivable from banks	<b>5,065,736</b>	5,537,179
Non-trade receivables	<b>3,843,612</b>	4,854,679
Input tax	<b>5,560,887</b>	5,113,251
Accrued interest receivable (Note 19)	<b>418,644</b>	188,685
Escrow fund (Note 19)	<b>194,517</b>	144,209
Uniform and supplies inventory	<b>1,201,645</b>	1,165,786
Derivative assets	<b>52,104</b>	2,747
Others	<b>2,047,553</b>	1,930,219
	<b>₱44,217,918</b>	₱43,170,378

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#### 11. Investments in Associate Companies and Joint Ventures

The ₱3.5 billion increase in this account pertains mainly to equity in earnings, net of share in net comprehensive loss and dividends of associate companies and joint ventures.

## 12. Property and Equipment

The movements in this account follow:

	Buildings and Improvements	Store Equipment and Improvements	Data Processing Equipment	Furniture, Fixtures and Office Equipment	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Construction in Progress	Total
<i>(In Thousands)</i>									
<b>Cost</b>									
As at December 31, 2019	₱14,326,958	₱4,010,449	₱8,588,993	₱9,884,981	₱10,337,665	₱20,599,451	₱1,047,794	₱2,718,921	₱71,515,212
Additions	659,964	197,056	464,927	527,832	907,077	787,008	14,012	2,538,278	6,096,154
Reclassifications	416,344	(24,817)	(45,252)	669,489	56,251	105,969	–	(737,665)	440,319
Disposals/retirements	(130)	(9,120)	(99,936)	(31,676)	(56,161)	(404,282)	(5,933)	(9,649)	(616,887)
As at December 31, 2020	15,403,136	4,173,568	8,908,732	11,050,626	11,244,832	21,088,146	1,055,873	4,509,885	77,434,798
Additions	84,411	60,763	141,193	182,090	140,278	259,042	7,803	326,325	1,201,905
Reclassifications	157,038	(1,921,524)	26,671	(136,252)	30,721	2,303,485	(812)	(420,786)	38,541
Disposals/retirements	(143)	(1,823)	(1,846)	(2,949)	(2,743)	(19,390)	(1,118)	(9,629)	(39,641)
<b>As at March 31, 2021</b>	<b>₱15,644,442</b>	<b>₱2,310,984</b>	<b>₱9,074,750</b>	<b>₱11,093,515</b>	<b>₱11,413,088</b>	<b>₱23,631,283</b>	<b>₱1,061,746</b>	<b>₱4,405,795</b>	<b>₱78,635,603</b>
<b>Accumulated Depreciation and Amortization</b>									
As at December 31, 2019	₱5,873,280	₱2,847,421	₱6,866,473	₱8,380,192	₱7,173,549	₱14,402,453	₱599,479	₱–	₱46,794,339
Depreciation and amortization	707,728	365,100	662,284	829,839	1,007,121	1,151,824	60,550	–	4,784,446
Reclassifications	(20,844)	(3,766)	(28,391)	445,821	16,330	(124,214)	549	–	285,485
Disposals/retirements	(32)	(7,065)	(70,007)	(25,515)	(39,421)	(368,990)	(5,890)	–	(516,920)
As at December 31, 2020	7,211,624	3,201,690	7,430,359	9,630,337	8,157,579	15,061,073	654,688	–	51,347,350
Depreciation and amortization	146,603	39,655	166,060	193,608	245,290	341,038	14,963	–	1,147,217
Reclassifications	53,040	(1,481,202)	6,209	3,980	316	1,482,366	(173)	–	64,536
Disposals/retirements	(14)	(1,331)	(1,143)	(2,386)	(2,493)	(12,820)	(1,118)	–	(21,305)
<b>As at March 31, 2021</b>	<b>₱7,411,253</b>	<b>₱1,758,812</b>	<b>₱7,601,485</b>	<b>₱9,825,539</b>	<b>₱8,400,692</b>	<b>₱16,871,657</b>	<b>₱668,360</b>	<b>₱–</b>	<b>₱52,537,798</b>
<b>Net Book Value</b>									
As at March 31, 2021	₱8,233,189	₱552,172	₱1,473,265	₱1,267,976	₱3,012,396	₱6,759,626	₱393,386	₱4,405,795	₱26,097,805
As at December 31, 2020	8,191,512	971,878	1,478,373	1,420,289	3,087,253	6,027,073	401,185	4,509,885	26,087,448

### 13. Investment Properties

The movements in this account follow:

	Land held for future development	Land and Improvements	Buildings and Leasehold Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
<i>(In Thousands)</i>						
<b>Cost</b>						
As at December 31, 2019	₱74,946,694	₱75,010,749	₱256,054,842	₱42,705,274	₱54,184,595	₱502,902,154
Additions	6,619,150	3,540,562	2,072,819	1,486,926	24,695,842	38,415,299
Reclassifications	(1,830,013)	(620,425)	7,509,703	862,027	(7,962,160)	(2,040,868)
Translation adjustment	–	15,655	469,724	37,418	42,657	565,454
Disposals	(4,113,632)	(44,242)	(80)	(121,218)	–	(4,279,172)
As at December 31, 2020	75,622,199	77,902,299	266,107,008	44,970,427	70,960,934	535,562,867
Additions	2,061,837	1,579,797	705,232	193,986	4,940,425	9,481,277
Reclassifications	(2,026,973)	(1,453,410)	3,433,140	568,000	(2,542,953)	(2,022,196)
Translation adjustment	–	10,053	247,246	19,428	41,030	317,757
Disposals	–	–	–	(16,129)	–	(16,129)
<b>As at March 31, 2021</b>	<b>₱75,657,063</b>	<b>₱78,038,739</b>	<b>₱270,492,626</b>	<b>₱45,735,712</b>	<b>₱73,399,436</b>	<b>₱543,323,576</b>
<b>Accumulated Depreciation, Amortization and Impairment Loss</b>						
As at December 31, 2019	₱–	₱2,366,460	₱60,326,773	₱27,186,924	₱–	₱89,880,157
Depreciation and amortization	–	251,543	7,589,858	2,358,514	–	10,199,915
Reclassifications	–	–	735	–	–	735
Translation adjustment	–	12,180	111,470	25,372	–	149,022
Disposals	–	(26,301)	(8)	(107,377)	–	(133,686)
As at December 31, 2020	–	2,603,882	68,028,828	29,463,433	–	100,096,143
Depreciation and amortization	–	70,905	1,898,973	674,352	–	2,644,230
Reclassifications	–	–	(1,474)	1,432	–	(42)
Translation adjustment	–	5,139	49,923	11,294	–	66,356
Disposals	–	–	–	(16,044)	–	(16,044)
<b>As at March 31, 2021</b>	<b>₱–</b>	<b>₱2,679,926</b>	<b>₱69,976,250</b>	<b>₱30,134,467</b>	<b>₱–</b>	<b>₱102,790,643</b>
<b>Net Book Value</b>						
<b>As at March 31, 2021</b>	<b>₱75,657,063</b>	<b>₱75,358,813</b>	<b>₱200,516,376</b>	<b>₱15,601,245</b>	<b>₱73,399,436</b>	<b>₱440,532,933</b>
As at December 31, 2020	75,622,199	75,298,417	198,078,180	15,506,994	70,960,934	435,466,724

Construction in progress includes construction costs incurred for new shopping malls, commercial building and redevelopment of existing malls amounting to ₱71,206.3 million and ₱70,277.9 million as at March 31, 2021 and December 31, 2020, respectively.

Interest capitalized to investment properties amounted to ₱1,327.5 million and ₱3,539.8 million as at March 31, 2021 and December 31, 2020, respectively. Capitalization rates used range from 3.9% to 4.6% in 2021 and 2.4% to 4.7% in 2020.

The fair value of investment properties is categorized under Level 3 since valuation is based on unobservable inputs.

The fair value of substantially all investment properties amounting to ₱1,350.8 million was determined by accredited independent appraisers with appropriate qualifications and experience in the valuation of similar properties in the relevant locations. The fair value represents the price that would be received to sell the investment properties in an orderly transaction between market participants at the measurement date.

Management believes that the impact of COVID-19 on the fair value measurement of investment properties is short-term and temporary.

The Company has no restriction on the realizability of its investment properties and no obligation to purchase, construct or develop, repair, maintain and/or enhance any of these properties.

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#### 14. Intangibles and Other Noncurrent Assets

##### Intangible Assets

This account consists of:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
	<i>(In Thousands)</i>	
Goodwill	<b>₱17,456,168</b>	₱17,456,385
Less accumulated impairment loss	<b>91,620</b>	91,620
Net book value	<b>17,364,548</b>	17,364,765
Trademarks and brand names	<b>7,163,470</b>	7,223,738
	<b>₱24,528,018</b>	₱24,588,503

##### Other Noncurrent Assets

This account consists of:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
	<i>(In Thousands)</i>	
Bonds and deposits	<b>₱56,825,719</b>	₱56,259,937
Receivables from real estate buyers (Note 8)	<b>48,632,034</b>	46,816,693
Long-term notes (Notes 19 and 23)	<b>5,066,434</b>	4,999,359
Deferred input VAT	<b>1,878,747</b>	1,804,670
Derivative assets (Note 23)	<b>167,985</b>	-
Land use rights	<b>358,372</b>	353,217
Escrow fund (Note 19)	<b>132,460</b>	132,460
Defined benefit asset	<b>530,990</b>	546,515
Others	<b>1,570,422</b>	1,405,799
	<b>₱115,163,163</b>	₱112,318,650

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#### 15. Bank Loans

This account consists of Philippine peso and China yuan renminbi denominated loans of Subsidiaries amounting to P18,512.6 million as at March 31, 2021 and P24,126.0 million as at December 31, 2020. The loans bear fixed interest ranging from 3.1% to 4.0% in 2021 and 2.8% to 5.3% in 2020.

## 16. Accounts Payable and Other Current Liabilities

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<i>(In Thousands)</i>		
Trade	<b>₱69,896,617</b>	₱82,599,493
Tenants and customers' deposits	<b>12,819,542</b>	12,411,589
Accrued expenses	<b>14,065,519</b>	12,713,644
Nontrade	<b>15,134,202</b>	14,474,774
Payable arising from acquisition of land	<b>7,166,882</b>	7,357,422
Payables to government agencies	<b>4,328,031</b>	4,722,145
Accrued interest (Note 19)	<b>3,322,016</b>	3,112,821
Subscriptions payable	<b>2,021,790</b>	2,021,790
Due to related parties (Note 19)	<b>1,435</b>	823,779
Lease liabilities (Note 21)	<b>1,977,980</b>	2,011,714
Gift checks redeemable and others	<b>5,185,188</b>	6,981,937
	<b>₱135,919,202</b>	₱149,231,108

\*Includes unearned revenue from sale of real estate amounting to ₱6,757.5 million and ₱7,615.0 million as at March 31, 2021 and December 31, 2020, respectively.

## 17. Long-term Debt

This account consists of:

	Availment	Maturity	Interest Rate/Term	Security	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<i>(In Thousands)</i>						
<b>Parent Company</b>						
U.S. dollar-denominated	June 10, 2014 - July 16, 2019	March 28 2022 - June 28, 2024	Fixed 6.1%; three-month LIBOR + margin; semi-annual and quarterly	Unsecured	<b>₱43,053,814</b>	₱42,604,024
Peso-denominated	July 16, 2012 - March 17, 2021	January 17, 2021 - March 17, 2028	Fixed 2.9%-6.9%; three-month PHP BVAL + margin; semi-annual and quarterly	Unsecured	<b>83,023,014</b>	79,023,014
<b>Subsidiaries</b>						
U.S. dollar-denominated	March 21, 2016 - January 29, 2021	January 29, 2021 - January 25, 2026	LIBOR + spread; semi-annual and quarterly	Unsecured	<b>50,269,362</b>	49,754,404
China Yuan Renminbi-denominated	October 16, 2017	October 16, 2022	Fixed - 5.9%	Unsecured	<b>2,575,051</b>	2,559,639
Peso-denominated	June 19, 2012 - March 1, 2021	January 29, 2021 - August 7, 2029	Fixed 2.5%-6.5%; BVAL + margin	Unsecured	<b>220,839,430</b>	218,882,964
					<b>399,760,671</b>	392,824,045
Less debt issue cost					<b>2,256,244</b>	1,970,809
					<b>397,504,427</b>	390,853,236
Less current portion					<b>37,284,685</b>	60,121,438
					<b>₱360,219,742</b>	₱330,731,798

BVAL – Bloomberg Valuation

LIBOR – London Interbank Offered Rate

Repayment Schedule

The repayment schedule of long-term debt as at March 31, 2021 follows:

	Gross Debt	Debt Issue Cost	Net
	<i>(In Thousands)</i>		
Within 1 year	₱37,887,433	₱602,748	₱37,284,685
Over 1 year to 5 years	338,410,778	1,597,726	336,813,052
Over 5 years	23,462,460	55,770	23,406,690
	<b>₱399,760,671</b>	<b>₱2,256,244</b>	<b>₱397,504,427</b>

Covenants

The long-term debt of the Group is covered with certain covenants including adherence to financial ratios. As at March 31, 2021 and December 31, 2020, the Group is in compliance with the terms of its debt covenants.

**18. Equity**

Capital Stock

a. Common stock

	Number of Shares	
	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Authorized - ₱10 par value per share	<b>2,790,000,000</b>	2,790,000,000
Issued and subscribed	<b>1,204,582,867</b>	1,204,582,867

As at March 31, 2021 and December 31, 2020, the Parent Company is compliant with the minimum public float as required by the PSE.

The total number of shareholders of the Parent Company is 1,260 and 1,256 as at March 31, 2021 and December 31, 2020, respectively.

b. Redeemable preferred shares

	Number of Shares	
	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Authorized - ₱10 par value per share	<b>10,000,000</b>	10,000,000

There are no issued and subscribed preferred shares as at March 31, 2021 and December 31, 2020.

### Retained Earnings

- Appropriated

Retained earnings appropriated as at March 31, 2021 is intended for the payment of certain long-term debts and new investments as follows:

	Timeline	Amount
		<i>(In Thousands)</i>
Debt service	2020 - 2023	₱27,000,000
Investments	2020 - 2021	10,000,000
		<u>₱37,000,000</u>

- Unappropriated

The Parent Company's cash dividend declaration in 2021 follows:

Declaration Date	Record Date	Payment Date	Per Share	Total
				<i>(In Thousands)</i>
April 28, 2021	May 13, 2021	May 27, 2021	₱4.25	₱5,119,477

Unappropriated retained earnings include the accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱264,139.4 million and ₱254,371.2 million as at March 31, 2021 and December 31, 2020, respectively, that is not available for distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

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## 19. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The significant transactions with related parties follow:

- Rent

The Group has existing lease agreements for office and commercial spaces with related companies (retail and banking group and other related parties under common stockholders).

- Royalty, Management and Service Fees

The Parent Company and SM Retail receive management and service fees from retail entities under common stockholders for management, consultancy, manpower and other services. In addition to management and service fees, the Parent Company also receives royalty fees from certain related parties.

▪ Dividend Income

The Group earns dividend income from certain related parties under common stockholders.

▪ Cash Placements and Loans

The Group has certain bank accounts and cash placements as well as bank loans and debts with BDO and China Bank. Such accounts earn interest at prevailing market rates.

▪ Notes Receivable

The Group has certain notes receivable from Carmen Copper Corporation (see Notes 14 and 22).

▪ Others

The Group, in the normal course of business, has outstanding receivables from and payables to related companies which are unsecured and normally settled in cash.

The related party transactions and outstanding balances follow:

	Transaction Amount		Outstanding Amount		Terms	Conditions
	March 31, 2021	March 31, 2020	March 31, 2021	December 31, 2020		
<i>(In Thousands)</i>						
<b>Banking Group</b>						
Cash placement and investment in marketable securities			<b>₱46,771,160</b>	₱60,776,796	Interest-bearing at prevailing rates	Unsecured; no impairment
Interest receivable			<b>220,463</b>	54,407	–	–
Interest income	<b>₱305,916</b>	₱495,462			–	–
Interest-bearing debt			<b>39,103,391</b>	34,555,640	Interest-bearing	Unsecured
Interest payable			<b>69,504</b>	87,662	–	–
Interest expense	<b>388,412</b>	1,045,164			–	–
Rent receivable			<b>118,161</b>	60,454	Noninterest-bearing	Unsecured; no impairment
Rent income	<b>191,565</b>	184,718			–	–
Receivable financed	<b>358,861</b>	2,350,503	–	–	Without recourse	Unsecured
Dividends receivable			–	13,462	Noninterest-bearing	Unsecured; no impairment
Bonds and deposits			<b>16,985,500</b>	16,808,050	Interest-bearing 4.5%	Unsecured; no impairment
Royalty, management and service fee receivable			<b>8,802</b>	8,077	Noninterest-bearing	Unsecured; no impairment
Royalty, management and service fee income	<b>9,945</b>	49			–	–
Escrow fund			<b>326,977</b>	276,669	Interest-bearing at prevailing rates	Unsecured; no impairment
<b>Retail and Other Entities</b>						
Rent receivable			<b>194,324</b>	912,269	Noninterest-bearing	Unsecured; no impairment
Rent income	<b>289,167</b>	378,427			–	–
Royalty, management and service fee receivable			<b>2,149,166</b>	2,049,081	Noninterest-bearing	Unsecured; no impairment
Royalty, management and service fee income	<b>390,117</b>	162,103			–	–

*(Forward)*

	Transaction Amount		Outstanding Amount		Terms	Conditions
	March 31, 2021	March 31, 2020	March 31, 2021	December 31, 2020		
<i>(In Thousands)</i>						
Due from related parties			<b>₱34,680</b>	₱1,180,589	Noninterest-bearing	Unsecured; no impairment
Due to related parties			<b>1,435</b>	<b>₱823,779</b>	Noninterest-bearing	Unsecured
Interest receivable			<b>7,845</b>	7,763	–	–
Interest income	<b>85,070</b>	92,391			–	–
Dividends receivable			<b>215,000</b>	526,507	Noninterest-bearing	Unsecured; no impairment
Notes receivable			<b>5,066,434</b>	4,999,359	Interest-bearing 5.4% to 7.0%	Unsecured; no impairment

### Terms and Conditions of Transactions with Related Parties

Outstanding balances at yearend are unsecured and are normally settled in cash. The Group did not make any provision for impairment loss relating to amounts owed by related parties.

## 20. Income Tax

Deferred tax assets of ₱4,728.5 million and ₱4,672.0 million as at March 31, 2021 and December 31, 2020, respectively, consist of the tax effects of unrealized gain on intercompany sale of investment properties, unamortized past service cost and defined benefit liability, provision for doubtful accounts and others, accrued leases, MCIT, deferred rent expense and NOLCO.

Deferred tax liabilities of ₱13,082.5 million and ₱12,615.0 million as at March 31, 2021 and December 31, 2020, respectively, consist of the tax effects of appraisal increment on investment property, trademarks and brand names, capitalized interest, unrealized gross profit on sale of real estate, accrued/deferred rent income and unamortized past service cost and defined benefit asset. The disproportionate relationship between income before income tax and the provision for income tax is due to various factors such as interest income already subjected to final tax, non-deductible interest expense, equity in net earnings of associates, and dividend income exempt from tax.

## 21. Lease Agreements

*As Lessor.* The Group's lease agreements with its tenants are generally granted for a term of one to twenty-five years. Upon inception of the lease agreement, tenants are required to pay certain amounts of deposits. Tenants likewise pay a fixed monthly rent which is calculated with reference to a fixed sum per square meter of area leased except for a few tenants which pay either a fixed monthly rent or a percentage of gross sales, whichever is higher.

*As Lessee.* The Group leases certain parcels of land where some of its malls are situated as well as retail store, office spaces and warehouses. The terms of the lease are for periods ranging from ten to fifty years, renewable for the same period under the same terms and conditions. Rental payments are generally computed based on a certain percentage of gross rental income or a certain fixed amount, whichever is higher.

There are also non-cancellable operating lease commitments with lease periods ranging from two to thirty years, mostly containing renewal options and those that provide for the payment of additional rental based on a certain percentage of sales of the sub-lessees.

The rollforward analysis of ROU assets follows:

<b>March 31, 2021 (Unaudited)</b>			
	<b>Retail Stores, Office Spaces and Warehouses</b>		<b>Total</b>
	<b>Land Use Rights</b>		
<i>(In Thousands)</i>			
<b>Cost</b>			
As at beginning of year	<b>₱24,343,193</b>	<b>₱23,428,730</b>	<b>₱47,771,923</b>
Additions	–	<b>930,674</b>	<b>930,674</b>
Translation adjustment	<b>78,047</b>	–	<b>78,047</b>
Disposals	–	<b>(761,568)</b>	<b>(761,568)</b>
As at end of period	<b>24,421,240</b>	<b>23,597,836</b>	<b>48,019,076</b>
<b>Accumulated Depreciation and Amortization</b>			
As at beginning of year	<b>1,014,825</b>	<b>4,778,069</b>	<b>5,792,894</b>
Depreciation and amortization	<b>125,904</b>	<b>638,005</b>	<b>763,909</b>
Translation adjustment	<b>1,511</b>	–	<b>1,511</b>
Disposals	–	<b>(88,464)</b>	<b>(88,464)</b>
As at end of period	<b>1,142,240</b>	<b>5,327,610</b>	<b>6,469,850</b>
<b>Net Book Value</b>	<b>₱23,279,000</b>	<b>₱18,270,226</b>	<b>₱41,549,226</b>
<b>December 31, 2020 (Audited)</b>			
	<b>Retail Stores, Office Spaces and Warehouses</b>		<b>Total</b>
	<b>Land Use Rights</b>		
<i>(In Thousands)</i>			
<b>Cost</b>			
As at beginning of year	<b>₱20,955,223</b>	<b>₱20,291,858</b>	<b>₱41,247,081</b>
Additions	<b>3,276,229</b>	<b>4,175,989</b>	<b>7,452,218</b>
Translation adjustment	<b>111,741</b>	–	<b>111,741</b>
Disposals	–	<b>(1,039,117)</b>	<b>(1,039,117)</b>
As at end of year	<b>24,343,193</b>	<b>23,428,730</b>	<b>47,771,923</b>
<b>Accumulated Depreciation and Amortization</b>			
As at beginning of year	<b>505,171</b>	<b>3,077,734</b>	<b>3,582,905</b>
Depreciation and amortization	<b>504,613</b>	<b>2,566,999</b>	<b>3,071,612</b>
Translation adjustment	<b>5,041</b>	–	<b>5,041</b>
Disposals	–	<b>(866,664)</b>	<b>(866,664)</b>
As at end of year	<b>1,014,825</b>	<b>4,778,069</b>	<b>5,792,894</b>
<b>Net Book Value</b>	<b>₱23,328,368</b>	<b>₱18,650,661</b>	<b>₱41,979,029</b>

The rollforward analysis of lease liabilities follows:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
	<i>(In Thousands)</i>	
As at beginning of year	<b>₱30,879,878</b>	₱29,134,546
Additions	<b>930,674</b>	4,175,989
Interest expense	<b>464,857</b>	1,874,726
Rent concessions	<b>(49,004)</b>	(275,102)
Terminations	<b>(128,945)</b>	(192,237)
Payments	<b>(1,480,465)</b>	(3,838,044)
As at end of period	<b>30,616,995</b>	30,879,878
Less current portion (Note 16)	<b>1,977,980</b>	2,011,714
Noncurrent portion	<b>₱28,639,015</b>	₱28,868,164

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased assets portfolio. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

Tenants' deposits amounted to ₱22,335.1 million and ₱22,551.7 million as at March 31, 2021 and December 31, 2020, respectively.

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## 22. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments follow:

- *Interest rate risk.* Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Repricing of floating rate financial instruments is mostly done at intervals of three months or six months.
- *Foreign currency risk.* The Group's exposure to foreign currency risk arises as the Parent Company and SM Prime have investments and debt issuances which are denominated in U.S. Dollars and China Yuan Renminbi.
- *Liquidity risk.* Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.
- *Credit risk.* Refers to the risk that a borrower will default on any type of debt by failing to make the required payments.
- *Equity price risk.* The Group's exposure to equity price risk pertains to its investments in quoted equity shares which are classified as equity investments at FVOCI in the consolidated balance sheets. Equity price risk arises from changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

The BOD reviews and approves the policies for managing each of these risks.

### Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (see Note 17).

The Group maintains a conservative financing strategy and has preference for longer tenor credit with fixed interest rate that matches the nature of its investments. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps and cross-currency swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed notional amount. The interest rate swaps economically hedge the underlying debt obligations. The cross-currency swaps were designated by the Group under cash flow hedge accounting.

As at March 31, 2021 and December 31, 2020, after taking into account the effect of the swaps, approximately 79.3% and 79.8%, respectively of the Group's borrowings, net of debt issue cost, is kept at fixed interest rates.

### Foreign Currency Risk

The Group aims to reduce foreign currency risks by employing on-balance sheet hedges and derivatives such as foreign currency swap contracts, foreign cross-currency swaps, foreign currency call options and non-deliverable forwards.

As at March 31, 2021, the Group's foreign currency-denominated assets and liabilities amounted to ₱24,500.2 million (\$504.8 million) and ₱23,392.3 million (\$482.0 million), respectively.

As at December 31, 2020, the Group's foreign currency-denominated assets and liabilities amounted to ₱23,825.9 million (\$496.1 million) and ₱22,907.2 million (\$477.0 million), respectively.

As at March 31, 2021 and December 31, 2020, approximately 22.9% and 22.8%, respectively, of the Group's borrowings, net of debt issue cost, are denominated in foreign currency.

The following exchange rates were used in translating foreign currency-denominated assets and liabilities into Pesos.

	<b>March 31, 2021</b>	December 31, 2020
Philippine Peso to U.S. Dollar	<b>₱48.53</b>	₱48.02

### Liquidity Risk

The Group manages its liquidity to ensure adequate financing of capital expenditures and debt service. Financing consists of internally generated funds, proceeds from debt and equity issues, and/or sales of assets.

The Group regularly evaluates its projected and actual cash flow information and assesses conditions in the financial markets for opportunities to pursue fundraising initiatives including bank loans, export credit agency-guaranteed facilities, bonds and equity market issues.

### Credit Risk

The Group trades only with recognized and creditworthy related and third parties. The Group policy requires customers who wish to trade on credit terms to undergo credit verification. In addition, receivable balances are monitored on a regular basis to keep exposure to bad debts at the minimum. Given the Group's diverse customer base, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from the other financial assets of the Group which consist of cash and cash equivalents, time deposits, and certain derivative instruments, the Group's credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Receivables from sale of real estate have minimal credit risk and are effectively collateralized by the respective units sold since title to the real estate properties are not transferred to the buyers until full payment is made.

As at March 31, 2021 and December 31, 2020, the financial assets, except for some receivables, are generally viewed by the management as good and collectible considering the credit history of the counterparties. Past due or impaired financial assets are very minimal in relation to the Group's total financial assets.

### Equity Price Risk

Management closely monitors the equity securities in its investment portfolio. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

### Capital Management

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 appropriate adjustments based on changes in economic conditions. Accordingly, the Group may adjust dividend payments to shareholders, secure new and/or payoff existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by maintaining its net debt at no higher than 50% of the sum of net debt and equity.

The Group's gearing ratios follow:

	<b>March 31, 2021</b>	December 31, 2020
Gross	<b>42%</b>	42%
Net	<b>38%</b>	37%

## 23. Financial Instruments

The Group's financial assets and liabilities by category and by class, except for those with carrying amounts that are reasonable approximations of fair values, follow:

	March 31, 2021				
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Thousands)</i>					
<b>Assets Measured at Fair Value</b>					
Financial assets at FVOCI					
Listed shares of stock	₱23,532,419	₱23,532,419	₱23,532,419	₱-	₱-
Unlisted shares of stock	1,703,762	1,703,762	-	-	1,703,762
Club shares	15,020	15,020	-	15,020	-
Derivative assets	220,089	220,089	-	220,089	-
	<b>25,471,290</b>	<b>25,471,290</b>	<b>23,532,419</b>	<b>235,109</b>	<b>1,703,762</b>
<b>Assets for which Fair Values are Disclosed</b>					
Time deposits - noncurrent portion	1,604,447	1,604,447	-	1,604,447	-
Other noncurrent assets:					
Bonds and deposits	16,985,500	19,114,150	-	-	19,114,150
Long-term notes	5,066,434	6,024,495	-	-	6,024,495
	<b>23,656,381</b>	<b>26,743,092</b>	<b>-</b>	<b>1,604,447</b>	<b>25,138,645</b>
	<b>₱49,127,671</b>	<b>₱52,214,382</b>	<b>₱23,532,419</b>	<b>₱1,839,556</b>	<b>₱26,842,407</b>
<b>Liabilities Measured at Fair Value</b>					
Derivative liabilities	₱4,219,679	₱4,219,679	₱-	₱4,219,679	₱-
<b>Liabilities for which Fair Values are Disclosed</b>					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	360,219,742	365,997,057	-	-	365,997,057
Lease liabilities - noncurrent portion	28,639,015	30,515,845	-	-	30,515,845
Tenants' deposits and others*	30,984,719	28,791,686	-	-	28,791,686
	<b>419,843,476</b>	<b>425,304,588</b>	<b>-</b>	<b>-</b>	<b>425,304,588</b>
	<b>₱424,063,155</b>	<b>₱429,524,267</b>	<b>₱-</b>	<b>₱4,219,679</b>	<b>₱425,304,588</b>

\*Excluding nonfinancial liabilities amounting to ₱9,107.9 million.

	December 31, 2020				
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Thousands)</i>					
<b>Assets Measured at Fair Value</b>					
Financial assets at FVOCI					
Listed shares of stock	₱26,133,219	₱26,133,219	₱26,133,219	₱-	₱-
Unlisted shares of stock	1,701,227	1,701,227	-	-	1,701,227
Club shares	11,940	11,940	-	11,940	-
Derivative assets	2,747	2,747	-	2,747	-
	<b>27,849,133</b>	<b>27,849,133</b>	<b>26,133,219</b>	<b>14,687</b>	<b>1,701,227</b>
<b>Assets for which Fair Values are Disclosed</b>					
Time deposits - noncurrent portion	1,356,442	1,356,442	-	1,356,442	-
Other noncurrent assets:					
Bonds and deposits	16,808,050	19,271,918	-	-	19,271,918
Long-term notes	4,999,359	6,068,924	-	-	6,068,924
	<b>23,163,851</b>	<b>26,697,284</b>	<b>-</b>	<b>1,356,442</b>	<b>25,340,842</b>
	<b>₱51,012,984</b>	<b>₱54,546,417</b>	<b>₱26,133,219</b>	<b>₱1,371,129</b>	<b>₱27,042,069</b>
<b>Liabilities Measured at Fair Value</b>					
Derivative liabilities	₱6,125,125	₱6,125,125	₱-	₱6,125,125	₱-
<b>Liabilities for which Fair Values are Disclosed</b>					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	330,731,798	332,475,152	-	-	332,475,152
Lease liabilities - noncurrent portion	28,868,164	30,776,929	-	-	30,776,929
Tenants' deposits and others*	30,947,183	28,784,888	-	-	28,784,888
	<b>390,547,145</b>	<b>392,036,969</b>	<b>-</b>	<b>-</b>	<b>392,036,969</b>
	<b>₱396,672,270</b>	<b>₱398,162,094</b>	<b>₱-</b>	<b>₱6,125,125</b>	<b>₱392,036,969</b>

\*Excluding nonfinancial liabilities amounting to ₱8,806.2 million.

There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at March 31, 2021 and December 31, 2020.

### Derivative Instruments Accounted for as Cash Flow Hedges

As at March 31, 2021, the Parent Company and SM Prime have outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency-denominated debt. Details follow:

#### Cross-currency swaps:

	Notional Amount			Principal	Fair Value	Receive	Pay	US\$:PhP	US\$:CN¥	Maturity
	(In US\$)	(In PhP)	(In CN¥)							
	(In Thousands)									
Parent:										
	\$53,000	₱2,761,300		₱2,572,090	(₱304,685)	LIBOR + spread	5.3%	₱52.10		March 6, 2023
	100,000	5,210,000		4,853,000	(691,031)	LIBOR + spread	5.9%	52.10		April 16, 2023
	56,159	3,000,000		2,725,384	(500,765)	LIBOR + spread	6.1%	53.42		July 26, 2023
	100,000	5,140,000		4,853,000	(570,812)	LIBOR + spread	5.5%	51.40		June 28, 2024
	100,000	5,115,000		4,853,000	(537,229)	LIBOR + spread	5.4%	51.15		June 28, 2024
SM Prime:										
	50,000	2,666,500		2,426,500	(413,311)	LIBOR + spread	6.4%	53.33		June 14, 2023
	60,000	3,199,200		2,911,800	(500,702)	LIBOR + spread	6.4%	53.32		June 14, 2023
	100,000	4,827,000		4,853,000	21,724	LIBOR + spread	3.3%	48.27		September 30, 2022
	75,000	3,639,000		3,639,750	62,455	LIBOR + spread	3.6% - 3.7%	48.52		April 5, 2024
	75,000	3,637,500		3,639,750	63,332	LIBOR + spread	3.6% - 3.7%	48.50		April 5, 2024
	25,000		¥172,100	1,213,250	(86,314)	LIBOR + spread	5.4%		¥6.884	March 27, 2022
	25,000		172,300	1,213,250	(83,749)	LIBOR + spread	5.4%		6.892	March 27, 2022
	50,000		327,315	2,426,500	(40,729)	LIBOR + spread	5.0%		6.546	June 30, 2022
	50,000		335,940	2,426,500	(89,037)	LIBOR + spread	4.0%		6.719	February 28, 2024
	50,000		335,725	2,426,500	(73,702)	LIBOR + spread	3.9%		6.715	February 28, 2024
	50,000		335,750	2,426,500	(89,077)	LIBOR + spread	3.9%		6.715	February 28, 2024
	50,000		334,400	2,426,500	(90,895)	LIBOR + spread	3.9%		6.688	February 28, 2024
	50,000		335,750	2,426,500	(86,590)	LIBOR + spread	3.9%		6.715	February 28, 2024
	36,000		241,643	1,747,080	(61,052)	LIBOR + spread	3.9%		6.712	February 28, 2024

#### Principal only swap:

	Notional Amount	Principal	Fair Value	Rate	US\$:CN¥	Maturity
	(In Thousands)					
SM Prime	\$270,000	₱12,981,635	₱72,579	4.62%	¥6.459	January 23, 2026

As the terms of the swaps have been negotiated to match the terms of the hedged loans and advances, the hedges are assessed to be highly effective.

## 24. EPS Computation

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
	(In Thousands Except Per Share Data)	
Net income attributable to owners of the Parent (a)	₱9,470,213	₱9,007,277
Weighted average number of common shares outstanding (b)	1,204,583	1,204,583
<b>EPS (a/b)</b>	<b>₱7.86</b>	<b>₱7.48</b>

**PART 1 FINANCIAL INFORMATION**

**Management’s Discussion and Analysis or Plan of Operation**

**Results of Operation**

**For the Three Months Ended March 31, 2021 and 2020**

*(amounts in billion pesos)*

	<b>Ytd March 2021 (Unaudited)</b>	<b>Ytd March 2020 (Unaudited)</b>	<b>% Change</b>
<b>Revenues</b>	<b>P 96.9</b>	<b>P 111.2</b>	<b>-12.8%</b>
Cost and Expenses	78.2	91.0	-14.0%
<b>Income from Operations</b>	<b>18.7</b>	<b>20.2</b>	<b>-7.7%</b>
Other Charges	3.3	3.4	-5.6%
Provision for Income Tax	1.9	3.0	-35.1%
<b>Net Income After Tax</b>	<b>13.5</b>	<b>13.8</b>	<b>-2.4%</b>
Non-controlling Interests	4.0	4.8	-16.5%
<b>Net Income Attributable to Owners of the Parent</b>	<b>P 9.5</b>	<b>P 9.0</b>	<b>5.1%</b>

For Ytd March 2021, SM Investments Corporation and Subsidiaries (the Group) reported lower *Net Income Attributable to Owners of the Parent* at P9.5 billion and *Revenues* at P96.9 billion, compared to the same period in 2020.

Banking accounted for 54% of net income from core businesses, followed by Property at 33% and Retail at 13%.

Retail

For Ytd March 2021, SM Retail reported *Revenues* of P70.0 billion, 13.5% lower compared to the same period in 2020 which is considered to be a “pre-pandemic” period. Ytd March 2020 revenues also reflect the effect of pantry loading when customers were buying in advance of the anticipated lockdown .

Despite the drop in revenues, SM Retail generated P1.6 billion of net income for Ytd March 2021, 36.0% higher than Ytd March 2020. This is attributable to the following:

- Improved gross margins resulting from better mix of products sold, lesser sales promotions and higher level of support from partner suppliers.
- Intensive cost management initiatives and streamlining of operations. Noteworthy is the significant reduction in electricity costs as the Food Group shifted to more energy efficient lighting and refrigeration systems.
- Rent concessions received from various lessors.

### Property

For Ytd March 2021, SM Prime reported lower *Revenues* of P20.8 billion *Net income* of P6.5 billion, 19% and 22% lower compared to the same period in 2020, respectively.

SM Prime's Philippine malls business reported *Revenues* of P5.9 billion, 10% higher than Ytd March 2020, with *Rent income* growing 14% to P5.6 billion. SM Prime continues to grant rent concessions to its tenants in the first three months of 2021.

SM Prime's residential business, led by SM Development Corporation (SMDC), reported a 5% growth in *Revenues* for Ytd March 2021 to P11.9 billion and 31% growth in reservation sales to P32.4 billion relative to the multiple projects that were launched in 2021.

### Banking

For Ytd March 2021, BDO reported a *Net income* of P10.4 billion, 19% higher compared to the same period in 2020. This is primarily due to the robust performance of its service fee businesses that compensated for the weak demands for loans.

In the same period, China Bank reported a *Net income* of P3.6 billion at 61% growth. *Net interest income* grew 16% to P9.2 billion due to the 52% drop in interest expense reflecting lower cost of funding. This was supplemented by the three-fold growth in fee-based income to P3.6 billion, driven by strong trading and securities gains of P2.2 billion.

### Profit & Loss Statement - Account Analysis

*Merchandise Sales*, which decreased by 13.0% to P68.1 billion from P78.3 billion in 2020, accounted for 70% of total revenues in 2021. Ytd March 2020 *Revenues* reflect the abnormally high purchase volumes by customers in the last two weeks of March relative to the scheduled community lockdowns in the succeeding months whereas Ytd March 2021 revenues reflect normal pandemic purchase volumes as the customers have already adjusted to the norms of a pandemic environment.

As of March 31, 2021, *SM Retail* had 3,035 stores in operation. Its stores portfolio include 66 *SM Stores*, 59 *SM Supermarkets*, 213 *Savemore* stores, 52 *SM Hypermarkets*, 71 *WalterMart* stores, 1,044 *Alfamart* stores, and 1,530 *Specialty* stores.

*Real Estate Sales* increased by 4.0% to P11.7 billion from P11.3 billion in 2020. The increase is attributable to sales take-up and construction accomplishments of ongoing projects including *Shore 3*, *Bloom*, *Vine*, *Fame*, *Style* and *Glam* as well as various Ready-For-Occupancy (RFO) projects, particularly those located in Mandaluyong and Pasay. Revenues are recognized based on percentage of completion.

*Rent Revenue*, derived mainly from the mall operations of SM Prime, decreased by 33.4% to P7.4 billion from P11.1 billion in 2020. The decrease is due to lesser mall tenants in operation in 2021 than in 2020 which was for the most part, operating on pre-pandemic terms.

As of March 31, 2021, *SM Prime* had 76 malls in the Philippines with total GFA of 8.6 million square meters and 7 malls in China with total GFA of 1.3 million square meters.

*Equity in Net Earnings of Associate Companies and Joint Ventures* increased by 16.0% to P6.1 billion from P5.3 billion in 2020 mainly representing the increase in net income of bank associates.

*Cinema Ticket Sales, Amusement and Others* decreased by 89.3% to P0.1 billion from P1.0 billion in 2020. This is attributable to the strict restrictions in the operation of cinemas and other leisure areas as mandated by the government throughout Ytd March 2021 whereas Ytd March 2020 was for the most part, operating on pre-pandemic terms.

*Dividends, Management Fees and Others* decreased 19.7% to P3.4 billion from P4.2 billion in 2020. This is attributable to the decrease in royalty, management and service fees and other revenues due to relative reduction in sales of the retail stores. Other revenues comprise mainly of promotional activities highlighting products, commission from bills payment, prepaid cards and show tickets, advertising income and sponsorship revenues, food and beverage income of the Hotel Group.

*Selling, General and Administrative Expenses* decreased by 17.5% to P21.9 billion from P26.6 billion in 2020 due mainly to the scaled-down operation of certain retail stores and malls and efforts to control costs through rationalization of operations.

*Income from Operations* decreased by 7.7% to P18.6 billion from P20.2 billion in 2020. *Operating Margin* and *Net Margin* is at 19.2% and 13.9%, respectively.

*Other Charges (net)* decreased by 5.6% to P3.3 billion from P3.4 billion in 2020. *Interest Expense* decreased by 6.4% to P3.9 billion from P4.2 billion in 2020 due mainly to lower interest rates and lower average outstanding balance of interest-bearing debt. *Interest Income* decreased by 34.3% to P0.5 billion from P0.8 billion in 2020 due mainly to lower average balance of cash and time deposits.

*Provision for Income Tax* decreased by 35.1% to P1.9 billion from P3.0 billion in 2020 due mainly to lower taxable income and tax rates relative to Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) that was signed into law by the President of the Republic of the Philippines on March 26, 2021, which provides for the retroactive application to July 01, 2020 of the lower corporate income tax rate. The effective income tax rate is 12.6% in 2021 compared to 17.8% in 2020.

*Non-controlling interests* decreased by 16.5% to P4.0 billion from P4.8 billion in 2020 due mainly to the decrease in net income of partly-owned subsidiaries.

## Financial Position

As at March 31, 2021 and December 31, 2020

(amounts in billion pesos)

	03 / 31 / 2021 (Unaudited)	12 / 31 / 2020 (Unaudited)	% Change
Current Assets	P 242.4	P 254.5	-4.7%
Noncurrent Assets	978.7	970.0	0.9%
<b>Total Assets</b>	<b>P 1,221.1</b>	<b>P 1,224.5</b>	<b>-0.3%</b>
Current Liabilities	P 198.2	P 240.0	-17.4%
Noncurrent Liabilities	448.2	419.8	6.7%
<b>Total Liabilities</b>	<b>646.4</b>	<b>659.8</b>	<b>-2.0%</b>
<b>Total Equity</b>	<b>574.7</b>	<b>564.7</b>	<b>1.8%</b>
<b>Total Liabilities and Equity</b>	<b>P 1,221.1</b>	<b>P 1,224.5</b>	<b>-0.3%</b>

Total *Assets* decreased by 0.3% to P1,221.1 billion from P1,224.5 billion in 2020. Likewise, total *Liabilities* decreased by 2.0% to P646.4 billion from P659.8 billion in 2020.

### Current Assets

*Current Assets* decreased by 4.7% to P242.4 billion from P254.5 billion in 2020.

*Cash and Cash Equivalents* decreased by 22.7% to P60.4 billion from P78.2 billion in 2020 due mainly to payments for trade, investments, capital expenditures and debt servicing.

*Inventories* increased by 7.2% to P77.2 billion from P72.1 billion resulting from the P2.6 billion increase in merchandise inventory and P4.3 billion increase in condominium and residential units for sale partly offset by the P1.8 billion decrease in land and development - current. The net increase in real estate inventories is attributable to construction accomplishments during the period, net of cost of sold units.

*Other Current Assets* increased by 2.4% to P44.2 billion from P43.2 billion in 2020 due mainly to higher prepaid taxes.

### Noncurrent Assets

*Noncurrent Assets* increased by 0.9% to P978.7 billion from P970.0 billion in 2020.

*Financial assets at FVOCI - net of current portion* decreased by 9.5% to P24.7 billion from P27.3 billion due mainly to lower market values in 2021.

*Investments in Associate Companies and Joint Ventures* increased by 1.2% to P299.8 billion from P296.3 billion in 2020. The increase mainly represents the equity in net earnings of the Group's associate companies of P6.1 billion, particularly from banking, partly offset by P0.7 billion dividends and P2.0 billion share in the comprehensive income of its associate companies.

*Investment Properties* increased by 1.2% to P440.5 billion from P435.5 billion in 2020 due mainly to land banking and ongoing new mall projects and commercial building construction as well as the redevelopment of *SM Mall of Asia* and other existing malls.

*Other Noncurrent Assets* increased by 2.5% to P115.2 billion from P112.3 billion in 2020 due mainly to the increase in receivable from real estate buyers.

### Liabilities

*Interest-bearing debt Bank Loans* remained relatively flat at P416 billion from P415 billion in 2020.

*Accounts Payable and Other Current Liabilities* decreased by 8.9% to P135.9 billion from P149.2 billion in 2020 due mainly to settlement of trade payables.

*Dividends Payable* decreased by 21.5% to P3.0 billion from P3.8 billion in 2020. This represents dividends due to minority stockholders of certain subsidiaries.

*Deferred tax liabilities* increased by 3.7% to P13.1 billion from P12.6 billion in 2020 due mainly to unrealized gross profit on sale of real estate for income tax purposes.

### Equity

Total *Equity* increased by 1.8% to P574.7 billion from P564.7 billion in 2020.

*Equity Attributable to Owners of the Parent* increased by 1.5% to P410.0 billion from P403.8 billion in 2020. This increase resulted mainly from the P9.5 billion net income for Ytd March 2021 reflected in *Retained earnings and Net Fair value Changes on Cash Flow Hedges* which decreased to P1.8 billion from P2.7 billion in 2020. These were partly offset by the 26.4% decrease in *Net Unrealized Gain on Financial Assets* to P12.1 billion from P16.5 billion in 2020 due to lower market valuation of certain investments.

*Non-controlling Interests* increased by 2.4% to P164.7 billion from P160.9 billion in 2020 due mainly to the increase in net assets of subsidiaries that are not wholly owned.

Impact of COVID-19 to the Group's operations

Ytd March 2021 is a full quarter reflecting pandemic business conditions whereas Ytd March 2020 is considered to be a pre-pandemic period considering that the first community quarantine was imposed in the 2<sup>nd</sup> half of March 2020.

For Ytd March 2021, there was a lower number of mall tenants in operation and generally lower sales generated by the Retail Group stores. SM Prime also granted rent concessions for all three months of 2021.

COVID-19 did not have any significant impact on SM Prime's offices business since its primary tenants are business process outsourcing (BPO) offices which were allowed by the Philippine's Inter-Agency Task Force (IATF) to continue to have normal operations throughout the quarantine period.

SM Prime's residential business has made adjustments to its construction and sales operations to align with the pandemic related restrictions that allowed it to report higher real estate sales and reservation sales in 2021. The credit quality of receivables is maintained and remain within reasonable levels.

The operations of SM Prime's hotel business continue to be at reduced levels.

BDO and China Bank both reported growth in earnings in Ytd March 2021 which is for the most part attributable to lower interest expense and higher income from fee-based services, despite booking of higher loan provisions compared to Ytd March 2020.

**Key Performance Indicators**  
**As at March 31, 2021 and 2020 and December 31, 2020**

The key financial ratios of the Group follow:

	<b>03 / 31 / 2021 (Unaudited)</b>	<b>12 / 31 / 2020 (Audited)</b>
Current Ratio	1.2	1.1
Acid Test Ratio	0.6	0.6
Solvency Ratio	8.1%	8.0%
Asset to Equity	2.1	2.2
Debt - Equity Ratios:		
On Gross Basis	42 : 58	42 : 58
On Net Basis	38 : 62	37 : 63
Return on Equity	6.0%	6.0%
Return on Assets	2.9%	2.9%

	<b>Ytd Mar. 2021 (Unaudited)</b>	<b>Ytd Mar. 2020 (Unaudited)</b>
Revenue Growth	-12.8%	1.9%
Net Margin	13.9%	12.4%
Net Income Growth	5.1%	-15.7%
EBITDA ( <i>In Billions of Pesos</i> )	23.3B	25.0B
Interest Cover	5.9x	6.0x

*Current Ratio* increased to 1.2 from 1.1 in 2020 due mainly to the 4.7% decrease in *Current Assets* vs. 17.4% decrease in *Current Liabilities*.

*Solvency Ratio* increased to 8.1% from 8.0% in 2020 due mainly to the 1.0% decrease in *Net income after tax* and depreciation vs. 2.0% decrease in *Total Liabilities*.

*Asset to Equity Ratio* decreased to 2.1 from 2.2 in 2020 due mainly to the 0.3% decrease in *Total Assets* compared to 1.8% increase in *Total Equity*.

*Net Debt - Equity Ratio* increased to 38:62 from 37:63 in 2020 due mainly to the 0.3% increase in gross debt and a 22.0% decrease in cash and cash equivalents.

*Revenue Growth* decreased to -12.8% from 1.9% in 2020 due mainly to the significant drop in merchandise sales, rental revenues and cinema ticket sales, amusement and others. 1Q-2020 is considered mostly “pre-pandemic” since the community lockdowns started only in the 2<sup>nd</sup> half of March 2020.

*Net Margin* and *Net Income Growth* increased to 13.9% and 5.1% from 12.4% and -15.7%, respectively. Profitability improved in 2021 due to intensive cost management and streamlining of operations for efficiency.

*EBITDA* decreased by 7.1% due mainly to the P1.6 billion decrease in income from operations and P0.2 billion decrease in depreciation.

*Interest Cover* decreased to 5.9x from 6.0x in 2020 due to the 7.1% decrease in EBITDA vs. only 6.4% decrease in interest expense.

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

1. Current Ratio  $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Acid Test Ratio  $\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$
3. Solvency Ratio  $\frac{\text{Net Income After Tax + Depreciation and Amortization}}{\text{Total Liabilities}}$
4. Asset to Equity Ratio  $\frac{\text{Total Assets}}{\text{Total Equity}}$
5. Debt – Equity Ratio
  - a. Gross Basis  $\frac{\text{Total Interest-bearing Debt}}{\text{Total Equity + Total Interest-bearing Debt}}$
  - b. Net Basis  $\frac{\text{Total Interest-bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investment in Bonds}}{\text{Total Equity + Total Interest-bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investments in Bonds}}$
6. Revenue Growth  $\frac{\text{Total Revenues (Current Period)} - 1}{\text{Total Revenues (Prior Period)}}$
7. Net Margin  $\frac{\text{Net Income After Tax}}{\text{Total Revenues}}$
8. Net Income Growth  $\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - 1}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
9. Return on Equity  $\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to Owners of the Parent}}$
10. Return on Assets  $\frac{\text{Net Income after Tax}}{\text{Total Assets}}$
11. EBITDA  $\text{Income from Operations + Depreciation \& Amortization}$
12. Interest Cover  $\frac{\text{EBITDA}}{\text{Interest Expense}}$

**Expansion Plans / Prospects in 2021**

For the rest of 2021, expansion and construction of malls, residential and commercial properties will continue.

We plan to open new retail stores across our various formats mainly in the Food Group, and selectively in the Non-Food Group.

We will pursue investments in new ventures as opportunities arise.

**PART I FINANCIAL INFORMATION**

**Item 3. Aging of Accounts Receivable - Trade**

As of March 31, 2021

*(in Thousands)*

Receivable from tenants		
Third party	₱	6,254,820
Related party		312,485
Receivable from real estate buyers		
- net of noncurrent portion		51,870,939
Other trade receivables		16,598
Total	₱	<u>58,454,842</u>

*Aging:*

Neither past due nor impaired	₱	49,938,674
31-90 days		1,591,880
91-120 days		510,112
Over 120 days		5,347,317
Impaired		1,066,859
Total	₱	<u>58,454,842</u>

**PART II - SIGNATURE**

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.

Registrant: **SM INVESTMENTS CORPORATION**



**Franklin C. Gomez**  
**Senior Vice President – Finance**  
**Corporate Information Officer**

Date: 05-12-2021