

COVER SHEET
for
SEC FORM 17-A

SEC Registration Number

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Company Name

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B	S	I	D	I	A	R	I	E	S																				

Principal Office (No./Street/Barangay/City/Town/Province)

7	/	F		M	O	A		S	q	u	a	r	e	,		S	e	a	s	h	e	l	l		L	a	n	e	
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n	i	l	a	,		P	h	i	l	i	p	p	i	n	e	s													

Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

8831-1000

Mobile Number

No. of Stockholders

2,313

Annual Meeting Month/Day

Fiscal Year Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

John Nai Peng C. Ong

Email Address

john.ong@smprime.com

Telephone Number/s

8831-1000

Mobile Number

Contact Person's Address

7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City, Metro Manila, Philippines
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Note: 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.

SECURITIES AND EXCHANGE COMMISSION

SRC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE

1. For the calendar year ended **DECEMBER 31, 2024**
2. SEC Identification Number **AS094-000088**
3. BIR Tax Identification No. **003-058-789**
4. Exact name of registrant as specified in its charter **SM PRIME HOLDINGS, INC.**
5. **PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone
10, CBP 1-A, Pasay City, Metro Manila, Philippines**
Address of principal office
- 1300**
Postal Code
8. **(632) 8831-1000**
Registrant's telephone number, including area code
9. **NA**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares	28,879,231,694
Retail Bonds	₱137,831,040,000

11. Are any or all of these securities listed on a Stock Exchange.
Yes [☒] No [☐]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange **Common Shares**
12. Check whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 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 [☐]
13. Aggregate market value of the voting stock held by non-affiliates: **₱252,544,085,739**

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PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

Business Development and Principal Products or Services

SM Prime Holdings, Inc. (SMPH or the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on January 6, 1994. SMPH and its subsidiaries (collectively known as the Company or SM Prime) are incorporated to acquire by purchase, exchange, assignment, gift or otherwise, and to own, use, improve, subdivide, operate, enjoy, sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, traffic, deal in and hold for investment or otherwise, including but not limited to real estate and the right to receive, collect and dispose of, any and all rentals, dividends, interest and income derived therefrom; the right to vote on any proprietary or other interest on any shares of stock, and upon any bonds, debentures, or other securities; and the right to develop, conduct, operate and maintain modernized commercial shopping centers and all the businesses appurtenant thereto, such as but not limited to the conduct, operation and maintenance of shopping center spaces for rent, amusement centers, movie or cinema theatres within the compound or premises of the shopping centers, to construct, erect, manage and administer buildings such as condominium, apartments, hotels, restaurants, stores or other structures for mixed use purposes.

SMPH's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

The Company's ultimate parent company is SM Investments Corporation (SMIC). SMIC is a Philippine corporation whose common shares is listed with the PSE in 2005. SMIC and all its subsidiaries are herein referred to as the "SM Group".

The registered office and principal place of business of the Parent Company is at 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City, Metro Manila, Philippines.

The subsidiaries of the Parent Company are as follows:

Company	Date of Incorporation	Place of Incorporation	Percentage of Ownership
<i>Malls</i>			
A. Canicosa Holdings, Inc.	October 10, 2008	Philippines	100.0
AD Canicosa Properties, Inc.	October 10, 2008	Philippines	100.0
Associated Development Corporation	May 26, 1950	Philippines	100.0
Britannia Trading Corp. and Subsidiaries	June 15, 2001	Philippines	100.0
CHAS Realty and Development Corporation and Subsidiaries	January 31, 1995	Philippines	100.0
Cherry Realty Development Corporation	October 28, 1977	Philippines	100.0
Consolidated Prime Dev. Corp.	April 7, 1998	Philippines	100.0
Magenta Legacy, Inc.	November 30, 2006	Philippines	100.0
Premier Central, Inc. and Subsidiary	March 16, 1998	Philippines	100.0
Premier Southern Corp.	March 25, 1998	Philippines	100.0
Prime Metroestate, Inc. and Subsidiary	June 1, 1995	Philippines	100.0
Prime Commercial Property Management Corp. and Subsidiaries	November 6, 2009	Philippines	100.0
Rushmore Holdings, Inc.	April 14, 1994	Philippines	100.0
San Lazaro Holdings Corporation	March 7, 2001	Philippines	100.0
Simply Prestige Limited and Subsidiaries	April 23, 2013	British Virgin Islands (BVI)	100.0
SM Arena Complex Corporation	March 15, 2012	Philippines	100.0
SM Land (China) Limited and Subsidiaries	August 9, 2006	Hong Kong	100.0
Southernpoint Properties Corp.	June 10, 2008	Philippines	100.0
Springfield Global Enterprises Limited	September 6, 2007	BVI	100.0

Company	Date of Incorporation	Place of Incorporation	Percentage of Ownership
Supermalls Transport Services, Inc.	January 25, 2017	Philippines	100.0
First Asia Realty Development Corporation	September 7, 1987	Philippines	74.2
Mindpro, Incorporated	July 3, 1970	Philippines	70.0
First Leisure Ventures Group Inc.	March 28, 2007	Philippines	50.0
<i>Residential</i>			
SM Development Corporation and Subsidiaries (SMDC)	July 18, 1974	Philippines	100.0
Costa del Hamilo Inc. and Subsidiary	September 26, 2006	Philippines	100.0
Highlands Prime, Inc. and Subsidiary	February 15, 2001	Philippines	100.0
<i>Hotels and Convention Centers</i>			
SM Hotels and Conventions Corp. and Subsidiaries	April 2, 2008	Philippines	100.0
<i>Commercial, Integrated Property Development and Others</i>			
MOA Esplanade Port, Inc.	December 5, 2014	Philippines	100.0
Premier Clark Complex, Inc.	May 29, 2019	Philippines	100.0
SM Smart City Infrastructure and Development Corporation	August 27, 2019	Philippines	100.0
Tagaytay Resort Development Corporation	August 29, 1988	Philippines	100.0
SM GUUN Environmental Company, Inc.	July 19, 2024	Philippines	70.0
SMPHI SG Holdings Pte. Ltd.	March 11, 2024	Singapore	100.0

The Company has four business segments, namely malls, residential, commercial and integrated property developments, and hotels and convention centers. The contribution of each of the business units as of and for the year ended 2024 are as follows:

	2024					
	Malls	Residential	Commercial and Integrated Property Developments	Hotels and Convention Centers	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P77,195,491	P47,759,282	P7,652,770	P7,783,329	P-	P140,390,872
Inter-segment	338,678	4,583	126,834	-	(470,095)	-
	P77,534,169	P47,763,865	P7,779,604	P7,783,329	(P470,095)	P140,390,872
Segment results:						
Income before income tax	P34,119,841	P16,047,506	P5,098,369	P1,802,758	(P226,009)	P56,842,465
Provision for income tax	(6,411,868)	(2,848,608)	(748,740)	(293,813)	-	(10,303,029)
Net income	P27,707,973	P13,198,898	P4,349,629	P1,508,945	(P226,009)	P46,539,436
Net income attributable to:						
Equity holders of the Parent	P26,812,180	P13,187,019	P4,349,629	P1,508,945	(P226,009)	P45,631,764
Non-controlling interests	895,793	11,879	-	-	-	907,672
Segment assets	P486,804,040	P372,848,649	P137,249,879	P24,482,894	(P1,954,732)	P1,019,430,730
Segment liabilities	P322,128,497	P207,977,024	P53,056,919	P1,982,532	(P1,954,732)	P583,190,240
Other information:						
Capital expenditures	P35,251,300	P23,135,964	P28,373,189*	P1,936,888	P-	P88,697,341
Depreciation and amortization	12,197,435	268,485	1,800,752	771,116	-	15,037,788

*Includes P21,360 million integrated property developments

Further details relating to business segment data are disclosed in Note 4 of the attached audited consolidated financial statements.

As of December 31, 2024, the Company had a market capitalization of P726,313 million.

Enterprise Risk Management

SM Prime's approach to Enterprise Risk Management (ERM) begins with establishing a well-defined governance structure. Built on the principle of shared responsibility, this structure ensures that risk management is seamlessly embedded across all levels of the organization. The Board of Directors, through its Risk Oversight Committee, holds ultimate responsibility for risk governance by providing active oversight of the enterprise risk management system. Supporting the Board is the Chief Risk Officer (CRO), who leads the Enterprise Risk Management Unit in implementing ERM initiatives, facilitating risk assessments, and delivering timely insights on key risks and corresponding treatment plans.

Risk management extends beyond leadership to all levels of the organization. Business Unit Heads are accountable for managing risks within their respective functions and ensuring that internal controls are effectively implemented and continuously improved. Business Risk Champions, appointed within business units, serve as the key drivers of ERM implementation and as liaisons between the ERM unit and their respective business units. More importantly, all employees play an active role as risk owners by integrating risk management into their daily operations. This collective participation fosters a risk-conscious culture where risk management is recognized as a value-adding activity that drives operational excellence.

Anchored on its mission, vision, and strategic objectives, SM Prime has established an Enterprise Risk Management Framework that integrates key principles and methodologies to effectively anticipate, assess, and respond to risks. The framework consists of five essential components—active board oversight, a risk-conscious workforce, a robust internal control framework, comprehensive independent audits and third-party reviews, and a structured risk management process.

Active board oversight ensures that risk management programs, policies, and initiatives are effectively implemented and aligned with corporate strategies. Cultivating a risk-conscious workforce through the adoption of the *three lines of defense model* is a fundamental aspect of this framework as this promotes individual accountability in managing risks. Recognizing the importance of a sound internal control system, SM Prime has adopted the COSO Internal Control Framework, which provides a systematic approach to managing risks and safeguarding assets. Internal controls are regularly reviewed and enhanced to remain dynamic and responsive to evolving strategies, regulatory requirements, and trends.

Independent audits and third-party reviews serve as key mechanisms for assessing the effectiveness of internal controls, identifying gaps, and ensuring alignment with industry standards and best practices. Lastly, the core component of the framework is the risk management process that follows a structured and continuous cycle of risk identification, assessment, treatment, monitoring, and reporting.

In managing strategic risks, the ERM unit facilitates high-level risk identification and assessment sessions with Business Unit Heads. This ensures that both existing and emerging risks are proactively managed, with mitigation plans developed for all moderate and high-risk areas. Progress on these mitigation strategies is closely monitored and reported to the Board on a quarterly basis, reinforcing transparency, accountability, and alignment with SM Prime's overall risk management strategy.

To further manage its risk exposures, SM Prime has categorized its risks into six key areas. Below are the Company's key risks and their corresponding mitigating measures.

Reputational Risk	A Company's reputation is one of its most valuable assets, and SM Prime recognizes that any adverse events such as legal issues, financial mismanagement, poor stakeholder relations, or service delivery problems can lead to eroding image and loss of public trust and investor confidence. The interconnected nature of reputational risk makes it particularly critical, as it
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	<p>can be triggered by other risks, such as compliance breaches or operational failures.</p> <p>To mitigate this risk, SM Prime has employed a multi-faceted that includes proactive media relations, a comprehensive crisis management plan to address reputation-related events, regular stakeholder engagement to manage expectations and perceptions, and a robust compliance system to ensure adherence to laws, regulations, and internal policies.</p>
Information Security and Technology Risk	<p>Information security and technology risk stems from cyber threats, data breaches, and Information Technology (IT) vulnerabilities, which can disrupt operations and compromise sensitive data. The Company addresses these risks through prudent IT governance and a sound IT risk management system, incorporating appropriate controls and best practices in key areas such as identity and access management, security, backup procedures, continuity planning, and incident management, among others.</p> <p>Periodic risk assessments are performed to identify potential threats to assets, evaluate vulnerabilities, and assess risks across key domains, including networks, operating systems, applications, and databases. To further strengthen its security posture, the Company regularly performs system vulnerability assessments and penetration testing.</p> <p>In terms of cybersecurity, SM Prime has adopted globally recognized standards to implement cybersecurity strategies within the organization. A Security Operations Center is in place to monitor, prevent, detect, investigate, and respond to cyber threats that could potentially impact the organization.</p> <p>The Company also places significant emphasis on managing third-party and outsourcing risks related to externally sourced systems and applications. Third-party vendors undergo a rigorous selection and evaluation process to ensure only reliable and reputable partners are engaged. Stringent security requirements are enforced to guarantee the protection of Company assets.</p> <p>Furthermore, the Company actively promotes information security awareness through organization-wide campaigns across various communication channels to educate employees on how to safeguard information and assets effectively.</p>
Financial Risks	<p>Financial risks include exposure to credit, interest rate, foreign currency, liquidity, and market risks (e.g. equity price, economic, etc.). SM Prime effectively manages these through a robust set of policies and strategies designed to maintain financial stability.</p> <p>Credit risk is managed by evaluating the financial health of customers and setting credit limits to minimize defaults and delayed payments. To mitigate interest rate and foreign exchange risks, the Company maintains a mix of fixed and floating-rate loans and utilizes derivative financial instruments such as cross-currency swaps, principal-only swaps, non-deliverable forwards, and interest rate swaps to minimize the risks associated with currency and interest rate volatility.</p> <p>In managing liquidity risk, the Company consistently monitors both its actual and projected cash flows and continuously evaluates financial market conditions to identify opportunities for securing funds through various</p>

	<p>means, including bank loans, debt capital, and equity market offerings. Market risks are managed through diversification across target markets, reducing reliance on a single segment and fostering strong relationships with local and national bodies to navigate policy changes. Inflationary pressures are mitigated through proactive cost management strategies, including weekly construction reviews, exploring new materials and technologies, physical hedging for key materials, and maintaining contingency allowances.</p>
Legal and Compliance Risk	<p>Non-compliance with regulations and evolving laws poses significant risks to the Company. To mitigate these, the Legal and Compliance teams collaborate closely with business units to ensure strict adherence to regulatory requirements and legal standards. The Legal team safeguards the Company's interests by thoroughly reviewing contracts, ensuring compliance with zoning laws, land use policies, and environmental regulations, and managing dispute resolution and litigation risks.</p> <p>Recognizing the complexity of regulatory environments, a dedicated Compliance Program has been established to actively monitor, assess, and mitigate regulatory and compliance risks. The Compliance Function is primarily managed by the Compliance Office, with oversight provided by the Chief Compliance Officer (CCO).</p> <p>Compliance is enforced through self-regulation within business units, complemented by regular independent reviews conducted by the Compliance Office and Internal Audit. The Corporate Compliance Group ensures legal and regulatory updates are readily accessible, holds regular meetings to assess the impact of new regulations, and maintains a monitoring database to track compliance activities while fostering strong relationships with regulators.</p> <p>As a covered entity under the Anti-Money Laundering Act (AMLA), SM Prime has a Board-approved Money Laundering and Terrorist Financing Prevention Program in place. In 2024, SM Prime conducted a comprehensive 3-day refresher training on Anti-Money Laundering (AML) and Counter-Terrorism Proliferation Financing (CTPF). The training aimed to reinforce the importance of AML and CTPF measures, ensuring that all participants are well-equipped to conduct customer due diligence, identify and report suspicious activities, and adhere to compliance procedures.</p> <p>In addition to AMLA compliance, SM Prime is equally committed to protecting personal data and ensuring compliance with data privacy laws. The Company has established a comprehensive Data Privacy Program that includes policies, organizational structures, access controls, and technologies designed to mitigate data privacy risks. As part of this program, Privacy Impact Assessments are conducted to identify potential risks in personal data processing and implement appropriate controls.</p> <p>The Board-appointed Data Protection Officer (DPO) oversees the program to ensure compliance with the Data Privacy Act, National Privacy Commission guidelines, and other relevant legislations. Furthermore, the Company runs a continuous Data Privacy Awareness campaign through various communication channels, equipping employees with best practices to safeguard data and uphold privacy standards.</p>

<p>Environment, Social and Governance (ESG) and Climate Risk</p>	<p>With an increasing focus on sustainability, SM Prime is steadfast in its commitment to managing its environmental footprint, ensuring compliance with social responsibilities, and upholding the highest standards of corporate governance.</p> <p>To reduce its environmental impact, SM Prime focuses on managing resource consumption, waste generation, and emissions. The Company has set clear goals for energy efficiency, waste reduction, and the adoption of sustainable technologies. This includes optimizing energy use across its facilities, shifting electricity demand to renewable sources, and implementing initiatives to minimize waste and carbon emissions.</p> <p>In 2024, SM Prime was recognized by the Department of Energy for its resource conservation and renewable energy initiatives, including the use of energy-efficient fixtures and equipment such as the Light-Emitting Diode (LED) lighting, building insulations, and installation of solar photovoltaic system capable of generating 44-megawatts (MW) of combined peak energy.</p> <p>In the social realm, SM Prime prioritizes the well-being of its employees, customers, and communities. The Company supports diversity, inclusion, and community development programs, ensuring that its operations contribute positively to society. The Company also strives to improve stakeholder relations through transparency, ethical business practices, and a strong focus on customer satisfaction and engagement.</p> <p>In terms of governance, SM Prime upholds the highest standards of corporate ethics, compliance, and accountability. The Company regularly reviews its governance policies to align with evolving regulatory requirements and best practices.</p> <p>SM Prime is also firm in joining the fight against climate change. The Company integrates climate risk into its strategies and operations through investing in disaster-resilient and green infrastructures, allocating capital for sustainable design, and supporting disaster risk reduction initiatives. It also assesses vulnerabilities related to extreme weather events, resource scarcity, and regulatory changes.</p> <p>For a more detailed discussion, refer to the Sustainability and Climate-related Risks and Opportunities.</p>
<p>Operational Risk</p>	<p>Operational risk remains one of the most significant exposures for SM Prime, primarily arising from its day-to-day operations. These risks can stem from human errors, process breakdowns, system failures, or external disruptions. Due to its broad scope, operational risk spans critical areas such as safety and security, process execution, and business continuity. The Company is committed to effectively managing and mitigating these risks to ensure operational resilience.</p> <p>Safety and Security Risk</p> <p>SM Prime places utmost priority on the safety and security of its employees and stakeholders. All business units have established Emergency Response Procedures and conduct regular training to ensure staff emergency preparedness.</p>

	<p>Aside from regular internal audits conducted by the Customer Relations Services team, the Company engages security consultancy providers to assess the effectiveness and efficiency of security measures implemented in critical areas like malls. The audit covers various aspects, including physical security, communication systems, documentation, personnel safety, security equipment adequacy, and emergency response capabilities. This provides assurance that security weaknesses or gaps are identified and addressed accordingly.</p> <p>The Company has also instituted several programs in support of its workplace health and safety advocacy. Employees undergo annual physical exams and are encouraged to participate in health and wellness activities. In addition to in-house medical staff, SM Emergency Response Team, a group of trained first-aiders, is available to assist employees and the public during emergencies. Furthermore, SM Prime regularly participates in fire safety and earthquake drills organized by government agencies.</p> <p>Process Execution Risk</p> <p>Operational efficiency is vital to maintaining business continuity. The Business Process Management Team continuously reviews and enhances business processes and drives the creation of value-adding tools to further improve operational performance.</p> <p>The Company ensures that clear policies are established and institutionalized to guide best practices across all units. Regular memoranda are issued to communicate policy updates, reinforce expectations, and address any ambiguities. Additionally, process improvements are implemented by the business units through automation systems and centralized portals aimed to streamline workflows, improve efficiency, and quality of outputs.</p> <p>Property Damage and Business Disruption Risk</p> <p>The Company has developed a comprehensive Business Continuity Plan, which includes regular drills and process optimization initiatives designed to minimize disruptions. This plan ensures that the Company is well-prepared to continue operations during unexpected incidents to protect both the Company's assets and the interests of its stakeholders.</p> <p>To manage risks related to property damage and business interruptions, SM Prime maintains various insurance coverages for its properties and operations. The coverages include protection against natural disasters and manmade events. The Company partners with reputable insurance brokers and accredited insurance companies to ensure adequate coverage that aligns with industry standards and regulatory requirements.</p> <p>A key component of SM Prime's operational resilience is its Business Continuity Management System (BCMS). The BCMS focuses on two critical areas: (1) preventing property damage that could lead to business disruptions; and (2) ensuring the Company's operations team is equipped to manage and recover from any disruption to maintain continuity of critical functions.</p>
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	The Company has been systematically rolling out the BCMS across its mall to ensure it meets the highest standards of business continuity. In 2024, seventy-nine malls were BCMS-certified, and the Company expects to certify a total of eighty-three malls by the end of 2025. The ISO 22301:2019 (BCMS) certification, which the malls undergo annually, ensures compliance with internationally recognized standards for business continuity, assessed by the third-party auditor, TÜV SÜD PSB Philippines.
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Sustainability and Climate Risk Management

Through integrated and separate risk management systems and processes, sustainability and related functions are able to identify, assess, and prioritize climate-related and sustainability risks and opportunities. At a strategic level, these utilize enterprise risk management methodology. At a system and process level, ESG risk management integrates guidance from International Financial Reporting Standards S1, *General Requirements for Disclosure of Sustainability-related Financial Information* and S2, *Climate-related Disclosures* with its COSO ERM and ISO 31000 hybrid approach.

The impacts of balancing these sustainability risks and opportunities entail financial and nonfinancial impacts.

On the subject of climate risk management, the nature of the Company's operations being located in the Philippines has introduced tropical acute and chronic climate risks which are heavily considered in strategic geographic location for prospective sites in terms of acute risk, and viability for long-term operations despite increasingly frequent chronic climate risks. Transition risks faced stem from diverse regulatory, market, technology, and operational factors driving SM Prime to adapt and mitigate thru internal policy and operational adjustments and investments. SM Prime incurs costs standard to comply, augment, and optimize risks and opportunities, thru the allocation of 10% of capital expenditures in the integration of disaster-resilient features in property design and construction.

ENVIRONMENTAL STRATEGY, IMPACTS, AND SUSTAINABLE ADVANCEMENT

Managing Energy Consumption & Efficiency

The Philippines faces some of the highest electricity rates in Southeast Asia, making energy costs a significant concern for real estate developers. Grid dependency and an unstable power supply further heighten these risks, underscoring the need for resilient and cost-effective energy solutions. While the Renewable Energy Act offers incentives, compliance involves navigating complex permitting processes. As SM Prime advances its net-zero aspirations, integrating energy-efficient solutions across its developments is crucial to achieving ESG goals while enhancing operational efficiency and market competitiveness.

Risks	Opportunities	Approach & Impacts
<i>Energy Cost</i>		
<ul style="list-style-type: none"> • Rising electricity prices due to grid dependency and volatile supply costs in the Philippines • High energy costs, particularly from cooling demand in malls, offices, and residential developments • Large initial investments required for energy efficiency 	<ul style="list-style-type: none"> • Reduction of electricity operating expenses through energy-efficient infrastructure • Higher projected income by attracting eco-conscious tenants and customers • Long-term cost savings through solar rooftops, waste- 	<ul style="list-style-type: none"> • Partner with Renewable Energy Developers – Implement power purchase agreements (PPAs), solar rooftop installations, and waste-to-energy initiatives to reduce reliance on grid electricity • Deploy Energy-Efficient Technology – Upgrade to

upgrades and renewable energy projects	to-energy systems, and other renewable solutions <ul style="list-style-type: none"> • Brand differentiation as a sustainability leader in Philippine real estate • Contribution to national and global decarbonization goals by lowering energy-related emissions 	smart HVAC systems, LED lighting, and real-time energy monitoring tools to lower operational costs <ul style="list-style-type: none"> • Assess Feasibility of Direct and Indirect Investments – Reduce capital risk through partnerships, lease agreements, or developer-led renewable energy projects • Align with SM Prime’s Net-Zero & ESG Strategy – Integrate energy initiatives with sustainability goals and investor expectations
Regulatory Compliance		
<ul style="list-style-type: none"> • Penalties and sanctions for noncompliance with Philippine energy laws and standards: <ul style="list-style-type: none"> ○ Renewable Energy Act of 2008 ○ Revised Omnibus Guidelines for Renewable Energy Contracts ○ Biofuels Act of 2006 ○ Energy Labeling and Performance Standards 	<ul style="list-style-type: none"> • Access to government incentives and green financing for energy-efficient projects • Stronger compliance positioning as a market leader in sustainable real estate 	<ul style="list-style-type: none"> • Ensure Compliance with Energy Laws – Conduct regular legal reviews and integrate requirements into project planning • Engage with Policymakers & Industry Stakeholders – Participate in energy policy discussions to align strategies with emerging regulations • Develop Compliance-Oriented Internal Policies – Standardize sustainability reporting, energy audits, and legal compliance procedures
Tenant Demand and Marketability		
<ul style="list-style-type: none"> • Older buildings with outdated energy systems face reduced marketability in an increasingly eco-conscious tenant landscape 	<ul style="list-style-type: none"> • Higher rental rates and occupancy through sustainable property development • Competitive advantage in attracting global and local tenants seeking green-certified properties 	<ul style="list-style-type: none"> • Upgrade Existing Properties – Retrofit aging buildings with energy-efficient HVAC, lighting, and insulation solutions • Market Energy Efficiency as a Key Differentiator – Highlight green building certifications (e.g., LEED, EDGE) and cost savings in tenant communications • Develop Green Leasing Programs – Introduce incentives for tenants adopting sustainable practices
Operational Efficiency		
<ul style="list-style-type: none"> • Rising operational costs from inefficient energy management in large-scale real estate portfolios 	<ul style="list-style-type: none"> • Lower maintenance cost with automation and data-driven efficient upgrades to energy monitoring and control 	<ul style="list-style-type: none"> • Implement Smart Energy Management Systems – Use IoT-enabled controls and analytics to optimize energy consumption

		<ul style="list-style-type: none"> • Conduct Regular Energy Audits – Identify inefficiencies and optimize consumption per asset class • Train Property & Facility Managers on Energy Best Practices – Ensure proper equipment maintenance and energy efficiency adherence
<i>Energy Resilience</i>		
<ul style="list-style-type: none"> • Power outages affecting customer experience and tenant operations, especially in high-demand commercial areas • Environmental concerns due to reliance on fossil fuels for backup power 	<ul style="list-style-type: none"> • Improved customer and tenant experience through solar panels, battery storage, and backup systems • Contribution to energy security and resilience amid climate risks 	<ul style="list-style-type: none"> • Develop a Resilient Energy Infrastructure – Install on-site renewables, battery storage solutions, and hybrid backup systems to ensure uninterrupted power supply • Integrate Renewable Energy in Business Continuity Planning – Establish protocols for power disruptions and energy supply diversification
<i>Asset Value</i>		
<ul style="list-style-type: none"> • High upfront costs for energy efficiency projects, particularly for redevelopment of existing properties 	<ul style="list-style-type: none"> • Increased asset valuation through energy-efficient and green-certified building design 	<ul style="list-style-type: none"> • Leverage Green Financing & Incentives – Utilize sustainability-linked loans and government incentives to support energy efficiency projects • Integrate Energy Efficiency into New Developments – Adopt sustainable design principles from project inception to completion • Certify Properties for Sustainability Standards – Obtain LEED, EDGE, or BERDE certifications to enhance marketability and long-term value

Water Stewardship and Wastewater Management

Water security is a critical operational and sustainability concern for SM Prime, given rising tariffs, increasing scarcity, and regulatory requirements. With water-stressed areas expanding, efficient water use, recycling, and rainwater harvesting are essential to ensuring long-term cost savings and resilience. Poor wastewater management poses risks of flooding, health hazards, and legal consequences, making compliance with the Clean Water Act and DENR regulations imperative. By investing in smart water management systems, leak detection technologies, and wastewater recycling facilities, SM Prime enhances property value, reduces operational costs, and strengthens its commitment to national water conservation efforts, while maintaining high standards for tenant and customer experience.

Risks	Opportunities	Approach & Impacts
<i>Water Cost</i>		
<ul style="list-style-type: none"> • Rising water tariffs and operational expenses for wastewater treatment • Increased operational costs due to inefficient water use 	<ul style="list-style-type: none"> • Cost reduction through efficient water management and conservation strategies • Enhanced property value and brand reputation with sustainable water management 	<ul style="list-style-type: none"> • Implement water-saving technologies, such as smart plumbing and leak detection systems • Expand enterprise-wide wastewater recycling and rainwater harvesting
<i>Regulatory Compliance</i>		
<ul style="list-style-type: none"> • Penalties and sanctions for noncompliance with Clean Water Act (RA 9275), DENR Water Regulations, and National Water Resource Board (NWRB) guidelines • Stricter government policies on water use and discharge limits 	<ul style="list-style-type: none"> • Reduction of dependency on external water sources through sustainable water initiatives • Positive government engagement and potential incentives for sustainability initiatives 	<ul style="list-style-type: none"> • Align with regulatory standards and secure NWRB permits • Strengthen compliance by integrating water-efficient infrastructure in new and existing developments
<i>Water Supply Shortages</i>		
<ul style="list-style-type: none"> • Increasing water scarcity in rapidly urbanizing and climate-vulnerable areas • Supply disruptions in water-stressed locations affecting tenant and customer experience 	<ul style="list-style-type: none"> • Investment in water-efficient infrastructure to mitigate operational risks • Sustainable developments attract eco-conscious tenants and investors 	<ul style="list-style-type: none"> • Utilize graywater reuse systems, water-efficient fixtures, and rainwater collection • Implement strategic partnerships with water providers, LGUs, and regulators for long-term security
<i>Water Disruption</i>		
<ul style="list-style-type: none"> • Poor wastewater management leading to flooding, health hazards, and legal consequences • Business continuity risks from supply interruptions 	<ul style="list-style-type: none"> • Improved customer and tenant experience through enhanced water management • Lower maintenance costs through predictive and automated water systems 	<ul style="list-style-type: none"> • Conduct regular water quality testing and monitoring • Adopt smart water monitoring for leak detection and consumption tracking
<i>Water Resilience</i>		
<ul style="list-style-type: none"> • Climate-related water risks, such as El Niño-induced droughts and extreme weather events • Increased pressure on water supply due to urban expansion and population growth 	<ul style="list-style-type: none"> • Strengthen resilience against climate-driven water challenges • Contribution to national and global sustainability goals through efficient water use 	<ul style="list-style-type: none"> • Integrate climate-adaptive water infrastructure in developments • Position SM Prime as a leader in sustainable and climate-resilient urban planning

Climate Change Impacts and Adaptation

As the Philippines faces intensifying climate-related challenges such as stronger typhoons, rising sea levels, and prolonged heatwaves, SM Prime proactively integrates climate resilience into its developments. By investing in flood mitigation infrastructure, energy-efficient buildings, and water conservation technologies, the company ensures business continuity while protecting tenants and

communities. With climate adaptation embedded in its long-term strategy, SM Prime strengthens its role in supporting national and global climate goals, demonstrating leadership in sustainable real estate development.

Risks	Opportunities	Approach & Impacts
<i>Typhoons and Extreme Weather</i>		
<ul style="list-style-type: none"> • Increased damages to buildings and other assets • High repair and maintenance costs • Business disruption and income loss due to severe weather • Supply chain disruptions and tenant dissatisfaction 	<ul style="list-style-type: none"> • Rising demand for climate-resilient buildings and infrastructure • Reduced long-term expenses through proactive climate adaptation • Premium pricing for developments with advanced disaster resilience • Enhanced brand reputation as a sustainability leader 	<ul style="list-style-type: none"> • Implement flood-resistant design, reinforced structures, and emergency response protocols • Invest in climate-adaptive building materials and elevated structures • Strengthen business continuity planning and risk mitigation measures • Develop stormwater management systems and green infrastructure
<i>Sea Level Rise and Coastal Flooding</i>		
<ul style="list-style-type: none"> • Declining value of coastal properties • Rising insurance costs for flood-prone developments • Tenant and customer displacement in coastal areas 	<ul style="list-style-type: none"> • Increased demand for elevated, flood-resistant properties • Strategic investment in adaptive coastal real estate • Market appeal for developments in safer inland locations 	<ul style="list-style-type: none"> • Implement elevated designs and nature-based solutions, such as mangrove restoration • Enhance flood-mitigation infrastructure, such as seawalls and drainage upgrades • Conduct risk mapping and proactive master planning to avoid high-risk zones
<i>Heatwaves and Rising Temperatures</i>		
<ul style="list-style-type: none"> • Increased cooling costs for tenant and customer comfort • Higher health risks and reduced productivity in outdoor spaces 	<ul style="list-style-type: none"> • Demand for green buildings and sustainable cooling solutions • Market differentiation through climate-smart developments 	<ul style="list-style-type: none"> • Deploy energy-efficient cooling systems and passive cooling designs • Integrate green roofs, reflective surfaces, and urban greening initiatives
<i>Landslides and Soil Erosion</i>		
<ul style="list-style-type: none"> • Structural damage to hillside developments and erosion-prone sites • High construction costs for foundational reinforcements • High construction costs for foundational reinforcements 	<ul style="list-style-type: none"> • Increased demand for sustainable land use planning • Opportunities in disaster-resilient community development • Enhanced value of developments with strong geological assessments 	<ul style="list-style-type: none"> • Strengthen slope stabilization and soil retention measures • Incorporate geotechnical studies and reinforced retaining walls in projects • Partner with local governments for reforestation and watershed protection

Promoting Tenant Sustainability

Recognizing that tenant operations contribute significantly to a building's environmental footprint, SM Prime actively promotes sustainability across its properties. Through energy and water efficiency programs, green building certifications, and waste management initiatives, the Company empowers tenants to adopt responsible practices. By fostering a culture of sustainability, SM Prime not only

enhances operational efficiency and cost savings but also elevates tenant satisfaction and property value, positioning itself as a preferred choice for eco-conscious businesses and communities.

Risks	Opportunities	Approach & Impacts
<i>Tenant's Environmental Impacts</i>		
<ul style="list-style-type: none"> • High utility costs from inefficient energy and water use • High waste disposal costs and potential regulatory issues from increased waste generation • Aggregate carbon footprint negatively impacts national and global sustainability goals • Increased risk of tenant noncompliance affecting overall sustainability goals • Potential tenant dissatisfaction due to environmental concerns 	<ul style="list-style-type: none"> • Lower operating costs through increased tenant sustainability practices and investments • Coordinated waste management promotes cleaner spaces and cost savings • Potential for increased rental yields and occupancy rates from green-certified properties • Future-proof operations through early adoption of sustainable practices • Improved tenant and customer well-being with cleaner surroundings and enhanced quality of life 	<ul style="list-style-type: none"> • Implement tenant sustainability programs, including energy efficiency incentives and water conservation initiatives • Partner with accredited haulers and promote waste segregation to ensure proper disposal compliance • Integrate green building certifications (e.g., BERDE, LEED) and sustainable lease agreements • Conduct regular environmental compliance checks and awareness campaigns for tenants • Provide tenant education and engagement programs on sustainability best practices
<i>Regulatory Compliance and Legal Risks of Tenants</i>		
<ul style="list-style-type: none"> • Tenant noncompliance with environmental laws may reduce occupancy or indirectly affect SM Prime • Penalties and reputational damage from tenant sustainability violations 	<ul style="list-style-type: none"> • Early adoption and integration of sustainable practices reduce regulatory risks • Strengthened brand reputation as an eco-conscious company 	<ul style="list-style-type: none"> • Establish clear environmental compliance requirements in lease agreements • Regularly audit tenant sustainability performance and provide guidance on compliance
<i>Tenant Satisfaction and Demand</i>		
<ul style="list-style-type: none"> • Loss of eco-conscious tenants to competitors with strong green building designs and initiatives • Negative perception of company's disregard for sustainability concerns 	<ul style="list-style-type: none"> • Increased tenant retention and demand for certified green developments • Higher property value through green building design 	<ul style="list-style-type: none"> • Develop eco-friendly spaces and integrate smart technology for energy and resource efficiency • Offer green lease options and tenant incentives for sustainable practices
<i>Sustainable Finance and Investment</i>		
<ul style="list-style-type: none"> • High upfront costs for sustainability initiatives • Limited access to green financing due to insufficient sustainability strategies 	<ul style="list-style-type: none"> • Increased investment from sustainability-focused tenants and customers • Eligibility for green financing improves ESG compliance and long-term returns 	<ul style="list-style-type: none"> • Secure green financing options and sustainable investment partnerships • Align operations with global ESG frameworks to enhance financing opportunities

HUMAN CAPITAL, OCCUPATIONAL SAFETY AND WELL-BEING

Sustainable Labor Practices

Though SM Prime is by nature, operating real estate, it is firstly, a people's company. Despite recent advancements in technology, it continues a service-oriented operation showcasing the best of Filipino culture in the frontlines and our core values are embedded on process throughout the enterprise. Retaining the workforce and maintaining competency to further well-being and safety continues to be prime factors for SM Prime at present and the future. The Company also recognizes that a dynamic workforce composed of multiple generations requires consideration of all aspects of employee benefits, from compensation to quality of life at work. Competency building activities include inhouse and externally provided trainings, ranging between soft and technical skills-building.

Risks	Opportunities	Strategic Approach & Impacts
<i>Employee Benefits</i>		
<ul style="list-style-type: none"> • Litigation and reputational damage from disputes with current or exiting employees • Difficulty in attracting skilled talent due to non-competitive salary packages 	<ul style="list-style-type: none"> • Potential to maintain and improve employee retention and loyalty with wages and benefits • Increase productivity and job satisfaction thru benefits package • Enhance brand reputation as a socially responsible employer 	<ul style="list-style-type: none"> • Provision of packaged government-mandated benefits and internally-established benefits
<i>Employee Training and Development</i>		
<ul style="list-style-type: none"> • Inadequate training hours reduces productivity and if by a significant percent, strategic competitive advantage • Increased focus on training quantity disregarding quality may diminish improvement or plateau competency levels 	<ul style="list-style-type: none"> • Increase efficiency and productivity through upskilling programs • Promote innovation and sense of career growth thru active employee learning engagements or activities 	<ul style="list-style-type: none"> • Competency building activities developing soft and technical skills provided inhouse or externally
<i>Workforce Diversity and Equity Opportunity</i>		
<ul style="list-style-type: none"> • Induce workplace conflicts or biases from a lack of diversity awareness • Decrease innovation and strategic agility from homogenous perspectives • Limit talent pool if exclusive and stringent to certain groups • Potential increase in turnover from discrimination or employee exclusion • Potential of labor practices unable to accommodate vulnerable sector workforce 	<ul style="list-style-type: none"> • Enhance creativity and problem solving by diversifying perspectives in workforce • Positive brand reputation as an equal opportunity employer 	<ul style="list-style-type: none"> • Augmenting talent pool by acquiring and supporting vulnerable sector talents • Company employs workforce from vulnerable sector which includes the elderly, persons with disabilities (PWDs), and solo parents • Enhance brand reputation as an equal opportunity employer

Occupational Health and Safety

SM Prime recognizes that safety and health of the workforce is the highest priority in any function across the enterprise. This safety and health stem from maintaining good workplace conditions, ensuring adherence to labor standards at the national and global level, including high regard for human rights. However, it also recognizes the inherent risk nature of property development, wherein occupational health and safety risk can never be fully eliminated, as there are factors present and externally influenced.

Risks	Opportunities	Strategic Approach & Impacts
<i>Legal and Regulatory Compliance</i>		
<ul style="list-style-type: none">• Fines or legal action from noncompliance with Dept. of Labor and Employment (DOLE) on occupational safety and health standards• Temporary work stoppage or site closure if safety violations occur	<ul style="list-style-type: none">• Maintain operational continuity and reputation• Enhance reputation thru acquisition of safety certifications for individuals and business entity	<ul style="list-style-type: none">• Long-term cost reduction• Operational resilience ensuring continuity and recovery efficiency in times of emergency or disaster• Avoidance of fine, penalty, and legal action from DOLE, DENR, or other safety regulators
<i>Workplace Accidents and Injuries</i>		
<ul style="list-style-type: none">• Increase in medical and compensation cost for workplace accidents• Loss of productivity due to worker injuries and downtime	<ul style="list-style-type: none">• Few accidents reduce cost and stabilizes workplace• Enhance employee morale and productivity thru safe work environment• Lower insurance premiums with strong safety records	<ul style="list-style-type: none">• Improve morale in workforce thru conduct of regular safety drills and inspections• Enhance brand as a safe property development and safe workplace
<i>Construction and Property Management</i>		
<ul style="list-style-type: none">• Falls, slips, and trips, including exposure to in development site• Fire, electrical hazards, and emergency preparedness issues exist during property management• Tenants or customers creating unsafe environments on sites leading to property claims	<ul style="list-style-type: none">• Proactive risk management to improve tenant and customer trust• Operational resilience in emergencies with better emergency preparedness for consistent operations	<ul style="list-style-type: none">• Continual improvement of a safety-first culture• Safety as a core value• Structured communication plan

LEADERSHIP AND GOVERNANCE

SM Prime maintains a zero-tolerance policy against any bribery, corruption, and anti-competitive practices across all its processes. While several factors contribute to the inherent risk of ethical risk events, it recognizes the opportunity to mitigate internal factors that drive these risks to be possible. Unethical practice and culture will have the largest long-term impact internally to the Company, without proactive risk management. The Company regularly provides trainings and advisories that promote ethics and aim to establish an ethics-conscious workforce.

Risks	Opportunities	Strategic Approach & Impacts
<i>Stakeholder Trust and Reputation</i>		
<ul style="list-style-type: none"> • Loss of investor and tenant confidence from unethical practices • Negative public perception will negatively impact business objectives and targets 	<ul style="list-style-type: none"> • Strengthen brand reputation thru ethics-centric activities 	<ul style="list-style-type: none"> • Boost long-term profitability and growth for the Company • Foster innovation and continuous improvement culture • Build government and public trust • Boost long-term profitability and growth across industry
<i>Fair Business Practices and Innovation</i>		
<ul style="list-style-type: none"> • Reduce industry collaboration • Stagnation of business strategy thru increased reliance on anti-competitive practice than on innovative strategies • Exposure by internal whistleblowers 	<ul style="list-style-type: none"> • Encourage innovation to differentiate from competitors, discouraging anti-competitive practice as solutions • Foster customer-focused solution creation as a method of strengthening market position 	<ul style="list-style-type: none"> • Promote fair supplier relationships and reduce corrupt practices risk • Maintain independent whistleblowing mechanism
<i>Bribery and Corruption</i>		
<ul style="list-style-type: none"> • Severe fines and sanctions under Anti-Graft and Corrupt Practices Act (R.A. No. 3019) • Blacklisting from public contracts and projects from corrupt practices • Severe brand damage from corruption and bribery scandals • Low employee morale and unethical work culture from leadership misconduct and culture of fraud and dishonesty 	<ul style="list-style-type: none"> • Enhance corporate reputation as a trusted and ethical company • Increase financial stability in preventing fraud, bribes, and embezzlement • Access to international investment and ESG-driven funding 	<ul style="list-style-type: none"> • Adherence to Supplier's Code of Business Conduct • Build stronger customer and supplier confidence • Prevent loss of revenue from penalties or sanctioned operation

Governance, risk management, and control systems are subject to the independent, objective, reasonable, systematic and disciplined evaluation by its in-house Internal Audit group. To maintain independence, Internal Audit reports functionally to the Board of Directors, through the Audit Committee, and administratively to the President. As such, the appointment and removal of the Internal Auditor requires the approval of the Audit Committee, as provided in the Committee's Charter.

External auditor is engaged to perform an independent audit and provide an objective assurance on the fairness and presentation of the Company's financial statements. The external audit partner is rotated every seven years or earlier, and any non-audit work should not be in conflict with the functions of the external auditor. Considering this and other relevant matters, the Audit Committee has the responsibility to make a well-informed recommendation regarding the appointment, re-appointment or removal of the external auditor.

Further, non-executive directors of SM Prime meet with the External Auditor at least once annually without the presence of any management personnel or executive to verify that the external auditor was provided sufficient access to records and information for their audit of the financial statements the Company and to discuss issues which the audit team would like to bring to the attention of the non-executive directors of the Company.

SOCIAL AND ENVIRONMENTAL ISSUE RISK MANAGEMENT

With a strong commitment to responsible development, SM Prime implements a comprehensive risk management approach to address social and environmental challenges. By ensuring compliance with environmental laws, enhancing disaster resilience, and integrating ethical business practices, the company safeguards its assets, stakeholders, and surrounding communities. Through proactive engagement and sustainable innovations, SM Prime mitigates risks while creating long-term positive impacts, reinforcing its position as a leader in sustainable and inclusive real estate development.

Risks	Opportunities	Approach & Impacts
<i>GHG Emissions</i>		
<ul style="list-style-type: none"> • Inefficient building design and operations result in excessive emissions • Mandatory carbon reporting increases administrative costs • Reliance on fossil fuels for building operations and transportation fleets • Poor waste management practices increase carbon footprint 	<ul style="list-style-type: none"> • Lower emissions through energy-efficient appliances, systems, and designs • Strengthen investor confidence by demonstrating leadership in emissions reduction • Transitioning to renewable energy reduces long-term energy costs • Tenant education and engagement improve segregation and waste reduction 	<ul style="list-style-type: none"> • Implement green building retrofits, smart energy systems, and energy-efficient technologies • Enhance carbon monitoring and reporting tools for transparency and compliance • Invest in solar adoption, electric vehicle charging infrastructure, and fleet electrification aligned with Net Zero by 2040 commitments • Implement tenant sustainability programs for responsible waste disposal
<i>Air Pollution</i>		
<ul style="list-style-type: none"> • Stale air and indoor pollution due to poor ventilation • Air pollution from high-GWP refrigerants 	<ul style="list-style-type: none"> • Improved tenant and customer well-being through enhanced air filtration systems • Lower environmental impacts through eco-friendly refrigerants 	<ul style="list-style-type: none"> • Adopt smart HVAC systems and enforce indoor air quality (IAQ) standards • Phase out high-GWP refrigerants and replace with sustainable alternatives
<i>Waste and Hazardous Materials</i>		
<ul style="list-style-type: none"> • High waste generation from tenants, construction, and property operations • Inefficient disposal and waste segregation procedures lead to regulatory risks • Fines and legal action from noncompliance with R.A. 9003 (Ecological Solid Waste Management Act of 2000) • Improper hazardous waste handling damages reputation 	<ul style="list-style-type: none"> • Lower disposal costs through waste reduction programs • Strengthen competitive advantage through leadership in sustainable waste management • Sustainable waste management enhances ESG ratings and investor appeal • Increased stakeholder confidence in responsible waste disposal practices 	<ul style="list-style-type: none"> • Expand solid waste management partnerships with recycling entities • Implement stricter waste segregation and e-waste recycling initiatives • Ensure strict compliance and tenant enforcement on waste policies • Strengthen partnerships for hazardous waste treatment and disposal
<i>Data Security and Customer Privacy</i>		
<ul style="list-style-type: none"> • Exposure of sensitive tenant and transaction data due to cyberattacks and breaches 	<ul style="list-style-type: none"> • Increased competitive advantage through secure digital platforms 	<ul style="list-style-type: none"> • Strengthen cybersecurity infrastructure and conduct regular vulnerability assessments

• Fines and legal action from noncompliance with R.A. No. 10173 (Data Privacy Act)	• Build tenant and customer trust through transparent data policies	• Ensure data privacy compliance via trained DPOs and security audits
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Competition

The Company and its subsidiaries compete in multiple segments across a highly competitive and diverse real estate industry. Despite operating as a well-established industry player, it strives to maintain competitive advantage.

In 2024, a partnership with the PCC was launched. This enhances SM Prime's standing commitment against anti-competitive practices. A nationwide information campaign was initiated through this partnership with the aim of raising public awareness based on PCC's mandate. Seminars are also conducted focusing on the competition law and policy not only for employees but also for mall tenants, over the next two years.

This campaign extends beyond seminars, as the Company has provided space on electronic billboards and public information spaces to advocate competition, including information desk space for PCC awareness materials. In the digital space, SM has campaigned for competition advocacy on its social media platforms, including audio-visual presentation playing daily in all cinemas of SM Supermalls nationwide. This is aligned with the Company's belief in fair market competition, and its promise of a vibrant and inclusive economy, serving the consumers' best interests.

Suppliers

The Company has a broad range of suppliers, both local and foreign.

Customers/Clients

The Company is not dependent on a single or a few customer/client base. It has a broad base of local and foreign, and corporate and individual customers/clients.

Intellectual Property

SM Prime and its subsidiaries hold rights over the use of various registered trademarks covering its various business segments including residential, commercial and developmental projects. The "SM" name is registered and owned by SM Investments Corporation (SMIC). SM Prime is the registered owner to this name. The Company places high regard on the ownership of intellectual property, carefully managing risks of trademark infringement, in terms of copying, imitating, or illegally reproducing legally owned marks of other entities. Another trademark risk being managed is the time aspect of trademark registration, as the Company recognizes the probability of another entity registering a similar trademark anywhere at any time is not remote, and increasing from the moment of a trademark's inception. This is in line with trademark law's first-to-file rule, where rights are given to the party who registers a mark first.

Details of SM Prime's applicable licenses can be found below.

Registered Mark	Mark Type	Registration No.
SM Supermalls	Combined	4-2003-000289
SM Supermalls	Combined	4-2010-003932
Wellness Space	Combined	4-2023-521065
SM Little Stars	Word	4-2023-524809
SM Little Star	Combined	4-2016-004911
SM Malls Online	Combined	4-2020-514253
SM Malls Online	Combined	4-2020-514255
SM Malls Online	Combined	4-2020-514252
SM Malls Online	Combined	4-2020-514254

Registered Mark	Mark Type	Registration No.
SM Food Court	Combined	4-2015-007114
SM Food Court	Combined	4-2015-007116
SM Food Court	Combined	4-2015-007119
SM Food Hall	Combined	4-2023-504244
SM Food Hall	Combined	4-2015-011874
SM Megamall Food Hall	Combined	4-2015-007118
Food on Four	Combined	4-2015-007117
The Food Village	Combined	4-2017-017349
SM Cinema	Combined	4-2019-019971
SM Cinema	Combined	4-2019-019972
Director's Club	Combined	4-2019-019982
SM Events Hall	Combined	4-2023-521062
SM Skating	Combined	4-2019-011086
SM Bowling	Combined	4-2019-011087
SM By the Bay	Combined	4-2022-531604
SM Bay City	Word	4-2021-522415
Skyranch	Combined	4-2015-000811
Skyranch	Combined	4-2015-000813
Cyberzone	Combined	4-2017-017663
Cyberzone	Combined	4-2017-017664
Sun Residences	Combined	4-2011-005976
M Place	Combined	4-2011-005967
Trees Residences	Combined	4-2014-002833
Grass Residences	Combined	4-2007-002246
Jazz Residences	Combined	4-2011-005977
Mezza Residences	Combined	4-2011-005975
Mezza II Residences	Combined	4-2015-006681
Light Residences	Combined	4-2011-005978
Fame Residences	Combined	4-2015-006683
Wind Residences	Combined	4-2011-005969
Air Residences	Combined	4-2014-010121
Grace Residences	Combined	4-2015-006678
Green Residences	Combined	4-2011-005973
Breeze Residences	Combined	4-2012-013527
Sea Residences	Combined	4-2011-005972
Shell Residences	Combined	4-2017-013644
S Residences	Combined	4-2015-006679
Shore Residences	Combined	4-2014-002831
Shore 2 Residences	Combined	4-2015-014533
Shore 3 Residences	Combined	4-2018-016176
Lush Residences	Combined	4-2018-015022
Green 2 Residences	Combined	4-2018-021895
Red Residences	Combined	4-2019-012781
Zeal Residences	Word	4-2022-504926
Vine Residences	Combined	4-2017-006237
Vail Residences	Combined	4-2022-504923
Twin Residences	Word	4-2020-508924
Turf Residences	Combined	4-2021-508021
Style Residences	Combined	4-2017-019547
Spring Residences	Combined	4-2017-006236
South Residences at SM Southmall	Combined	4-2015-007535
South 2 Residences	Combined	4-2020-517465
Smile Residences	Combined	4-2018-005258
Shine Residences	Combined	4-2014-002832

Registered Mark	Mark Type	Registration No.
Sands Residences	Combined	4-2016-009547
Princeton Residences	Combined	4-2011-005970
Parkville	Word	4-2023-513998
Park Residences	Combined	4-2017-019556
Now Residences	Word	4-2021-504764
Lane Residences	Combined	4-2019-011083
Joy Residences	Combined	4-2018-005246
SMDC Jade Residences	Word	4-2020-511746
Ice Tower	Word	4-2021-515721
Hope Residences	Combined	4-2020-517467
Hill Residences	Combined	4-2018-017449
SMDC Gold Offices	Combined	4-2019-011082
SMDC Gold Residences	Combined	4-2019-011081
Glam Residences	Combined	4-2019-019595
Glade Residences	Word	4-2021-503052
Gem Residences	Combined	4-2019-019951
Field Residences	Combined	4-2011-005979
Fern at Grass Residences	Combined	4-2017-019564
Dawn Residences	Word	4-2020-513912
Cool Suites at Wind Residences	Combined	4-2017-019563
Coast Residences	Combined	4-2017-006329
SMDC Cheerful Homes	Combined	4-2017-006331
SMDC Cheerful Homes 2	Word	4-2021-503053
Cheer Residences	Combined	4-2017-006333
Charm Residences	Combined	4-2017-006330
Calm Residences	Combined	4-2017-012909
Blue Residences	Combined	4-2011-005971
Bloom Residences	Combined	4-2017-013634
Berkeley Residences	Combined	4-2011-005974
SMDC	Combined	4-2022-504928
SM Hotels and Conventions	Combined	4-2013-005475
Skyhall Seaside Cebu	Combined	4-2017-007892
SMX Convention Center	Combined	4-2011-011609
Arribada	Combined	4-2023-513993
Pico Restaurant & Bar	Combined	4-2011-014541
Pico Sands Hotel	Combined	4-2022-502423
Rain the Spa	Combined	4-2022-506489
Reef Bar	Combined	4-2023-521067
Sun Coral Café	Combined	4-2023-521069
Casa Urban Table	Combined	4-2019-014150
Dash	Combined	4-2019-005322
Terraza on 7	Combined	4-2019-014149
Alta Ridge Bar	Combined	4-2023-502967
Taza Fresh Table	Combined	4-2015001034
Taal Vista Hotel	Combined	4-2013-011824
Veranda	Combined	4-2016-011469
BLK 12 Café Bar	Combined	4-2023-502968
Bytes	Combined	4-2023-511290
Cyan Modern Kitchen	Combined	4-2023-502969
Edge Pool Bar	Combined	4-2023-502970
Focus	Combined	4-2023-511289
Madeleine High Tea	Combined	4-2023-511288
Ani	Combined	4-2019-005321
Arima	Combined	4-2020-515490

Registered Mark	Mark Type	Registration No.
Feria	Combined	4-2010-007647
Parcel Excellence	Combined	4-2023-504245
Culinaire Savor. Match. Experience	Combined	4-2017-016751
Sails	Combined	4-2017-020035
China Blue	Combined	4-2015-007394
C Lounge	Combined	4-2015-009643
Brasserie on 3	Combined	4-2015-009644
Bru Coffee Bar with Device	Combined	4-2016-001896
Mega Tower	Combined	4-2020-000013
SM Offices	Combined	4-2019-001711
SM Offices	Combined	4-2019-001710
SM Cyber	Combined	4-2019-009757
South Coast City	Word	4-2020-510778
OneE-Com Center	Combined	4-2019-009751
TwoE-Com Center	Combined	4-2019-009752
ThreeE-Com Center	Combined	4-2019-009753
FourE-Com Center	Combined	4-2019-009754
FiveE-Com Center	Combined	4-2019-009755
SixE-Com Center	Combined	4-2019-009756
Tagaytay Highlands	Combined	4-2015-005552
Highlands Residences	Word	4-2020-509248
Trealva at Midlands West	Combined	4-2021-521799
Primrose Parks	Combined	4-2022-506490
Horizon Terraces	Combined	4-2017-010246
The Grove at Plantation Hills	Combined	4-2019-009191
Plantation Hills Greenlands	Combined	4-2007-008411
The Pines at Aspenhills	Combined	4-2019-015336
Aspenhills at the Highlands	Combined	4-2012-006340
Vireya	Combined	4-2015-009640
Provence at Tagaytay Highlands	Combined	4-2019-004491
The Woodlands Point at Tagaytay Highlands	Combined	4-2008-015103
Cotswold Tagaytay Highlands	Combined	4-2009-008719
Fairfield at Tagaytay Highlands	Combined	4-2009-008539
Nob Hill	Combined	4-2010-011286
Pinecrest Village	Combined	4-2009-008239
Hamilo Coast	Combined	4-2006-013047
Pico De Loro Cove	Combined	4-2007-002244
Jacana	Combined	4-2008-002725
Myna	Combined	4-2008-002729
Carola	Combined	4-2008-002730
Miranda	Combined	4-2008-009773
Azurea	Combined	4-2008-002727
Freia at Pico De Loro Cove	Combined	4-2018-008640
Pico Terraces	Combined	4-2023-515857
Cerea Suites	Combined	4-2023-532939
Ardea Suites	Combined	4-2023-532940
Balea Suites at Pico Terraces	Combined	4-2023-532938
Sola at Pico De Loro Cove	Combined	4-2021-502240
Katsura Tagaytay Highlands	Combined	4-2009-008540
Sierra Lago at the Midlands	Combined	4-2011-003858
The Patio at Saratoga Hills	Combined	4-2023-518935
Kazumi at Yume	Word	4-2023-505009
Aurea Suites at Pico Terraces	Combined	4-2023-504775
The Horizon at Tagaytay Highlands	Combined	4-2005-012160

Registered Mark	Mark Type	Registration No.
SM Mall of Asia Complex	Combined	4-2018-018198
SM Mall of Asia Complex	Combined	4-2018-018199
SM Mall of Asia Arena	Combined	4-2020-003150
SM Mall of Asia Arena	Combined	4-2020-003151
Mall of Asia Arena	Combined	4-2016-006527
SMDC Festival Grounds	Word	4-2022-531834

Processes are consistently executed for registering and renewing, and maintenance. A monitoring process is in place to continuously comply with IPOPHL post-filing requirements. Requirements include demonstrating and proving actual use of marks by the Company, or the Declaration of Actual Use. The maintenance and protection of the brands are important to SM Prime, as these present the unique identity of the Company and strengthen its position in the industry and brand recall to the public.

Transactions With and/or Dependence on Related Parties

The Company, in the regular course of trade or business, enters into transactions with affiliates/ related companies principally consisting of leasing agreements, management fees and cash placements. Generally, leasing and management agreements are renewed on an annual basis and are made at normal market prices.

Please refer to Note 19 of the accompanying audited consolidated financial statements of the Company for the description of related party transactions of SM Prime.

Governmental regulations and environmental laws

SM Prime is always committed to sustainable and responsible business practice enterprise-wide and throughout the project development lifecycle. The Company is substantially compliant with all regulatory requirements. These requirements range from pre-construction, during construction, and property management or post-construction of all project developments. Government approvals throughout planning, construction, and management of the project development lifecycle is routinely secured.

SM Prime through its subsidiary, SM Smart City and Infrastructure Development Corporation, undertakes reclamation activities and ensures compliance with reclamation regulations. Requirements include conditions under the environmental compliance certificate (ECC), technical studies, designs and plans. The Company is not permitted to perform any reclamation works if no ECC has been secured from the Department of Environment and Natural Resources (DENR) prior to implementation.

All mall establishments maintain significant compliance with the local government units where it operates. Through SM Supermalls, the Company ensures consistent acquisition of local permits and licenses before its operation. This includes compliance with Republic Act No. 9514 or the Fire Code, occupational safety and health, sanitary permit for restaurants and food establishments, annual recurring permits including environmental related permits, among others.

Hotel properties also comply with relevant regulation by Department of Tourism (DOT), pursuant to Tourism Act of 2009. Adherence to DOT requirements, including all local and national requirements, ensure continued validity of accreditation. Furthermore, the hotels and convention centers operate in accordance with the standards established in the Hotel Code of 1987 and the Hotel, Resort, Restaurant & Tourism Establishment Code (HRRTE). Recognizing the critical importance of food safety and hygiene in the hospitality industry, HCC ensures each property has a dedicated Food Safety Officer to maintain the highest standards of food safety and quality.

Residential property developments comply with Department of Human Settlements and Urban Development (DHSUD) regulation, pursuant to Presidential Decree (PD) 957, as amended, Batas Pambansa (BP) 220, and related laws. The Company's acquisition of development permits is dependent on compliance with required project and technical requirements and standards, and clearances from government agencies. Hence, the Company property developments are built in compliance with national and local laws, as well as regulatory issuances from DENR, DHSUD, and Department of Agrarian Reform, as applicable.

SM Prime is also engaged in the sale of residential lots and units. This requires registration and licensing of the Project with DHSUD, before any sale can commence. SM Prime strictly complies with the construction and maintenance of public infrastructure such as roads, sewerage, and lighting system, with appropriate security provision to ensure continued project permit and license validity and compliance. Noncompliance or involvement in fraud, misrepresentation, and related unlawful activities may cause suspension, cancellation, or revocation of SM Prime's license to sell. In line with this, the Company engages with dealers, brokers, and salesmen, who are required by the law to register and secure registration with DHSUD, PRC and the Anti-Money Laundering Council before any sale of lots or units can commence. This is also in accordance with the Real Estate Service Act of the Philippines, or Republic Act No. 9646, and the Company requires all real estate brokers to be appropriately licensed and engaged in continuing professional education. Specific to condominium projects, the Company complies with national laws such as R.A. 4726 or the Condominium Act, to guide adherence with developing and selling condominium projects and the Maceda Law, or R.A. 6552, which protects buyers of Company's residential real estate sales where eligible installment payments are involved.

Employees

As of December 31, 2024, SM Prime had 11,577 regular employees. The Company's employees are not subject to any collective bargaining agreement.

ITEM 2. Properties

A. MALLS

SM Prime's mall business unit operates and maintains modern commercial shopping malls and is involved in all related businesses, such as the operation and maintenance of shopping spaces for rent, amusement centers and cinema theaters. Its main sources of revenues include rental income from leases in mall and food court, cinema ticket sales and amusement income from bowling and ice skating. As of December 31, 2024, the malls business unit has eighty-seven malls in the Philippines with 9.4 million square meters (sq. m.) of gross floor area (GFA) and eight shopping malls in China with 1.7 million sq. m. of GFA.

In 2024, SM Prime's mall business unit opened two malls in the Philippines namely, SM City Caloocan and SM City J Mall. These new malls, plus the expansion of the Company's existing malls, provided an addition of 0.2 million sq. m. of GFA.

In 2025, the Company intends to launch three new malls in the Philippines namely, SM City Laoag, SM City La Union and SM City Zamboanga. These new malls will provide an addition of more than 0.3 million sq. m. of GFA.

The Company also owns and operates amusement parks, an arena, and various buildings across the country. The major tenant of these buildings is the SM Retail Group.

The Company retains ownership of all the sites on which the malls properties are built, except for the sites or portion of the sites of the following:

Philippines	
SM City Bacoor	SM City Naga
SM City Manila	SM City Tarlac
SM Center Valenzuela	SM City San Pablo
SM City Molino	SM City Calamba
SM Center Pasig	SM City Olongapo
SM City Clark	SM City Consolacion
SM City Taytay	SM City San Mateo
SM Aura Premier	SM City Pampanga
SM City Masinag	SM City Daet
SM City Baguio	SM City Dasmariñas
SM By the Bay	SM Makati
SM Araneta City	SM Delgado
SM Savemore Nagtahan	SM Savemore Jaro
SM Marketmall Dasmariñas	SM Hypermarket Sucat-Lopez
SM Center Muntinlupa	

China	
SM Xiamen	SM City Chongqing
SM City Jinjiang	SM City Zibo
SM City Chengdu	SM City Tianjin
SM City Suzhou	SM City Yangzhou

SM China malls have forty to seventy years land use rights. In addition, the land where SM City Baguio is constructed is owned by SMIC and the land where SM Savemore Nagtahan is constructed is owned by Nagtahan Property Holdings, Inc., a subsidiary of SMIC. Lease renewal options are subject to mutual agreement of the parties.

Please refer to Note 25 of the accompanying audited consolidated financial statements for further details on lease agreements.

B. RESIDENTIAL

SM Prime's revenue from residential operations is derived largely from the sale of condominium units. As of December 31, 2024, primary residential business unit has sixty-seven residential projects, forty-seven of which are in Metro Manila and twenty are outside Metro Manila.

SM Prime also owns leisure and resort developments (leisure homes) including properties located within the vicinity of Tagaytay Highlands and Tagaytay Midlands Golf Club in Laguna, Tagaytay City and Batangas.

In addition, SM Prime is the developer of Pico de Loro Cove, the first residential community within Hamilo Coast, a master planned coastal resort township development in Nasugbu, Batangas encompassing thirteen coves and thirty-one kilometers of coastline.

C. COMMERCIAL AND INTEGRATED PROPERTY DEVELOPMENTS

SM Prime's commercial business unit is engaged in the development and leasing of office buildings in prime locations in Metro Manila and in the provinces, as well as the operations and management of such buildings and other property holdings. As of December 31, 2024, SM Prime has twenty-two office buildings with a combined GFA of almost 1.6 million sq. m.

D. HOTELS AND CONVENTION CENTERS

SM Prime's hotels and convention centers business unit develops and manages the various hotel and convention center properties of the Company. As of December 31, 2024, the hotels and convention center business unit is composed of ten hotels with over 2,600 saleable rooms; six convention centers and two trade halls.

Land bank

The Company continues to invest in properties that it believes are in prime locations across the Philippines for existing and future property development projects. It is important to the Company to have access to a steady supply of land for future projects.

Potential land acquisitions are evaluated against a number of criteria, including the attractiveness of the acquisition price relative to the market and the suitability or the technical feasibility of the planned development. The Company identifies land acquisitions through active search and referrals.

As of December 31, 2024, SM Prime's extensive land bank good for the next five to seven years are as follows:

	Hectares
Malls	358
Primary Residences	1,364
Leisure Homes	513
Commercial	128
Total	2,363

Other properties that the Company intends to acquire are still under review, depending on factors such as demographics and accessibility to public transport.

ITEM 3. Legal Proceedings

There were no material proceedings as of December 31, 2024.

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

Aside from agenda matters voted on during the Company's Annual Stockholders' Meeting, there were no matters submitted to a vote of stockholders during the calendar year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. Market for Registrant’s Common Equity and Related Stockholder Matters

CASH DIVIDEND PER SHARE – ₱0.346 in 2024, ₱0.237 in 2023 and ₱0.097 in 2022.

As of the date of this report, cash dividends for 2025 have not yet been declared. This will be discussed in a Board meeting prior to the annual stockholders’ meeting.

	2024		2023	
Stock Prices	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	₱35.40	₱31.20	₱38.90	₱32.80
Second Quarter	33.50	25.70	35.10	32.10
Third Quarter	33.45	27.65	34.25	27.70
Fourth Quarter	33.35	24.25	34.55	29.55

The Company’s shares of stock are traded in the PSE.

As of December 31, 2024, the closing price of the Company’s shares of stock is ₱25.15/share.

The number of shareholders of record as of December 31, 2024 was 2,313. Capital stock issued and outstanding as of December 31, 2024 was 28,856,411,418, net of shares held by a subsidiary.

In 2024, the Board of Directors approved the declaration of cash dividend of ₱0.346 per share or amounting to ₱10.0 billion to stockholders of record as of May 8, 2024. This was paid on May 22, 2024. In 2023, the Board of Directors approved the declaration of cash dividends of ₱0.237 per share or ₱6.8 billion to stockholders of record as of May 10, 2023. This was paid on May 24, 2023.

The policy of the Company is to provide a sustainable dividend stream to its shareholders. The Board of Directors determines the dividend payout taking into consideration the Company’s operating results, cash flows, capital investment needs and debt servicing requirements. Dividends shall be paid within thirty (30) days from the date of declaration.

As of December 31, 2024, and 2023, there are no restrictions that would limit the ability of the Company to pay dividends to the common stockholders, except with respect to Note 18 of the audited consolidated financial statements.

The top 20 stockholders of the Company as of December 31, 2024 are as follows:

	Name	No. of Shares Held	% to Total
1.	SM Investments Corporation	14,353,464,952	49.7017
2.	PCD Nominee Corp. (Non-Filipino)	6,787,697,327	23.5037
3.	PCD Nominee Corp. (Filipino)	3,157,602,230	10.9338
4.	Harley T. Sy	695,936,131	2.4098
5.	Hans T. Sy	682,393,701	2.3629
6.	Teresita T. Sy	667,272,021	2.3106
7.	Elizabeth T. Sy	667,166,537	2.3102
8.	Herbert T. Sy	666,953,011	2.3095
9.	Syntrix Holdings, Inc.	317,827,673	1.1005
10.	Sysmart Corporation	317,775,948	1.1004
11.	Henry T. Sy, Jr.	291,611,915	1.0098
12.	Tansy Corporation	52,734,818	0.1826
13.	Sybase Equity Investments Corp.	52,365,504	0.1813
14.	Cutad, Inc.	19,694,544	0.0682

	Name	No. of Shares Held	% to Total
15.	HSBB, Inc.	19,694,400	0.0682
16.	William T. Gabaldon	1,500,000	0.0052
17.	Henry III Tamesis Sy	912,575	0.0032
18.	Lucky Securities, Inc.	910,000	0.0032
19.	Jose T. Tan &/or Pacita L. Tan	892,126	0.0031
20.	Jasmin T. Sy	855,607	0.0030

The Company registered with the SEC the ₱25.00 billion fixed rate bonds issued on June 24, 2024. The issue consists of the 3-year or Series V Bonds amounting to ₱6.25 billion with a fixed interest equivalent to 6.5754% per annum due on 2027, the 5-year or Series W Bonds amounting to ₱6.25 billion with a fixed interest equivalent to 6.7537% per annum due on 2029 and the 7-year or Series X Bonds amounting to ₱12.50 billion with a fixed interest equivalent to 6.9650% per annum due on 2031.

The Company registered with the SEC the ₱35.00 billion fixed rate bonds issued on May 23, 2023 with actual proceeds amounting to ₱33.30 billion. The issue consists of the 2.5-year or Series S Bonds amounting to ₱16.03 billion with a fixed interest equivalent to 6.2069% per annum due on 2025, the 4-year or Series T Bonds amounting to ₱6.24 billion with a fixed interest equivalent to 6.2151% per annum due on 2027 and the 6-year or Series U Bonds amounting to ₱11.03 billion with a fixed interest equivalent to 6.3275% per annum due on 2029.

There are no other recent sales of unregistered or exempt securities, including recent issuance of securities constituting an exemption transaction. The Company currently has no other registered debt securities. There are likewise no existing or planned stock options for the Company. There are no registered securities subject to redemption or call. There are no existing or planned stock warrant offerings.

ITEM 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

Income Statements

(in ₱ thousands)	Years Ended December 31			
	2024	2023	Increase (Decrease)	
	(Audited)		in ₱	in %
REVENUE				
Rent	₱78,673,921	₱72,113,957	₱6,559,964	9%
Real estate sales	45,904,595	42,040,409	3,864,186	9%
Others	15,812,356	13,943,175	1,869,181	13%
	140,390,872	128,097,541	12,293,331	10%
COSTS AND EXPENSES	72,353,754	66,818,300	5,535,454	8%
INCOME FROM OPERATIONS	68,037,118	61,279,241	6,757,877	11%
OTHER INCOME (CHARGES)				
Interest expense	(13,934,024)	(13,963,271)	29,247	(0%)
Interest and dividend income	2,228,723	2,185,156	43,567	2%
Others – net	510,648	338,693	171,955	51%
	(11,194,653)	(11,439,422)	244,769	(2%)
INCOME BEFORE INCOME TAX	56,842,465	49,839,819	7,002,646	14%
PROVISION FOR INCOME TAX				
Current	9,034,395	8,211,259	823,136	10%
Deferred	1,268,634	764,715	503,919	66%
	10,303,029	8,975,974	1,327,055	15%
NET INCOME	₱46,539,436	₱40,863,845	₱5,675,591	14%
Attributable to				
Equity holders of the Parent	₱45,631,764	₱40,010,501	₱5,621,263	14%
Non-controlling interests	907,672	853,344	54,328	6%
	₱46,539,436	₱40,863,845	₱5,675,591	14%

Revenues

SM Prime recorded consolidated revenues of ₱140.39 billion in 2024, an increase of 10% compared to ₱128.10 billion, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱78.67 billion in 2024, a 9% increase from ₱72.11 billion. 85% is contributed by the malls while 15% is from offices and hotels and convention centers.

Real Estate Sales

SM Prime's real estate sales increased by 9% to ₱45.90 billion in 2024 from ₱42.04 billion due to sales take-up and construction accomplishment of ongoing projects, including Now Residences in Pampanga, Vail Residences in Cagayan de Oro, Gold Towers Residential-Offices in Parañaque, Glade Residences in Iloilo, and Calm Residences in Laguna.

Other Revenues

SM Prime's other revenues increased by 13% to ₱15.81 billion in 2024 from ₱13.94 billion. Other revenues include ice skating, bowling, amusement and recreation operations, sale of food and beverages in hotels, sponsorships and advertising revenues, and cinema and event ticket sales. Cinema improved due to high ticket sales from movies shown during the year, including Hello, Love, Again, Inside Out 2, Moana 2, Rewind, and Deadpool & Wolverine.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱72.35 billion in 2024, an increase of 8% from ₱66.82 billion, mainly from operating expenses which include depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities and manpower costs. Gross profit margin on real estate is 58% in 2024.

Other Income (Charges)

Interest, Dividend and Others – net

Interest, dividend and others – net increased to ₱2.74 billion in 2024 compared to ₱2.52 billion. This consists of interest income from cash and cash equivalents, dividend income from equity instruments, equity in net earnings from associates and joint ventures and foreign exchange gains and losses.

Provision for income tax

SM Prime's consolidated provision for income tax is at ₱10.30 billion in 2024 compared to ₱8.98 billion.

Net income attributable to Parent

SM Prime's net income attributable to Parent increased by 14% to ₱45.63 billion in 2024 compared to ₱40.01 billion.

Years Ended December 31				
			Increase (Decrease)	
(in ₱ thousands)	2023	2022	in ₱	in %
	(Audited)			
REVENUE				
Rent	₱72,113,957	₱58,243,913	₱13,870,044	24%
Real estate sales	42,040,409	39,046,514	2,993,895	8%
Others	13,943,175	8,495,208	5,447,967	64%
	128,097,541	105,785,635	22,311,906	21%
COSTS AND EXPENSES	66,818,300	56,542,322	10,275,978	18%
INCOME FROM OPERATIONS	61,279,241	49,243,313	12,035,928	24%
OTHER INCOME (CHARGES)				
Interest expense	(13,963,271)	(11,465,787)	(2,497,484)	22%
Interest and dividend income	2,185,156	1,775,740	409,416	23%
Others – net	338,693	(839,262)	1,177,955	(140%)
	(11,439,422)	(10,529,309)	(910,113)	9%
INCOME BEFORE INCOME TAX	49,839,819	38,714,004	11,125,815	29%
PROVISION FOR INCOME TAX				
Current	8,211,259	6,783,913	1,427,346	21%
Deferred	764,715	1,186,962	(422,247)	(36%)
	8,975,974	7,970,875	1,005,099	13%
NET INCOME	₱40,863,845	₱30,743,129	₱10,120,716	33%
Attributable to				
Equity holders of the Parent	₱40,010,501	₱30,099,799	₱9,910,702	33%
Non-controlling interests	853,344	643,330	210,014	33%
	₱40,863,845	₱30,743,129	₱10,120,716	33%

Revenues

SM Prime recorded consolidated revenues of ₱128.10 billion in 2023, an increase of 21% compared to ₱105.79 billion in the same period of 2022, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱72.11 billion in 2023, a 24% increase from ₱58.24 billion in the same period of 2022. 85% is contributed by the malls while 15% is from offices and hotels and convention centers.

Real Estate Sales

SM Prime recorded real estate sales of ₱42.04 billion in 2023 compared to ₱39.05 billion in the same period of 2022 primarily due to higher sales take-up and construction accomplishments of various projects including Gold Residences, Mint Residences, Sands Residences, Shore Residences, Cheerful Residences and South Residences. Reservation sales is at ₱102 billion in 2023.

Other Revenues

SM Prime's other revenues increased to ₱13.94 billion in 2023 from ₱8.50 billion in the same period in 2022 as the cinema, leisure and entertainment businesses reopen its doors to patrons. Other revenues include cinema ticket sales, sponsorships and advertising revenues, bowling operations and sale of food and beverages in hotels. Cinemas improved due to high ticket sales from movies shown during the year, including Insidious: The Red Door, The Little Mermaid, John Wick: Chapter 4, Avatar: The Way of Water, and Barbie. Leisure and entertainment business benefited from the new normal condition.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱66.82 billion in 2023, an increase of 18% from ₱56.54 billion in the same period in 2022, mainly from operating expenses which include depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities and manpower costs. Gross profit margin on real estate is 60% in 2023 as a result of improving cost efficiencies and tighter monitoring and control of construction cost.

Other Income (Charges)

Interest Expense

SM Prime's consolidated interest expense increased to ₱13.96 billion in 2023 compared to ₱11.47 billion in the same period in 2022 mainly due to the issuance of retail bonds in 2023 and 2022 and new bank loans availed for working capital and capital expenditure requirements, net of the capitalized interest on proceeds spent for construction and development of investment properties.

Interest, Dividend and Others – net

Interest, dividend and others – net increased to ₱2.52 billion in 2023 compared to ₱0.94 billion in the same period in 2022. This mainly consists of interest income from cash and cash equivalents, dividend income from equity instruments, equity in net earnings from associates and joint ventures and foreign exchange gains and losses.

Provision for income tax

SM Prime's consolidated provision for income tax increased to ₱8.98 billion in 2023 compared to ₱7.97 billion in the same period in 2022.

Net income attributable to non-controlling interests

SM Prime's consolidated net income attributable non-controlling interest increased to ₱0.85 billion in 2023 as compared to ₱0.64 billion in the same period in 2022.

Net income attributable to Parent

SM Prime's consolidated net income attributable to Parent increased by 33% to ₱40.01 billion in 2023 compared to ₱30.10 billion in the same period in 2022.

Years Ended December 31				
(in ₱ thousands)	2022	2021	Increase (Decrease)	
			in ₱	in %
	(Audited)			
REVENUE				
Rent	₱58,243,913	₱34,694,185	₱23,549,728	68%
Real estate sales	39,046,514	45,116,120	(6,069,606)	(13%)
Others	8,495,208	2,505,179	5,990,029	239%
	105,785,635	82,315,484	23,470,151	29%
COSTS AND EXPENSES	56,542,322	49,900,933	6,641,389	13%
INCOME FROM OPERATIONS	49,243,313	32,414,551	16,828,762	52%
OTHER INCOME (CHARGES)				
Interest expense	(11,465,787)	(9,357,616)	(2,108,171)	23%
Interest and dividend income	1,775,740	1,025,066	750,674	73%
Others – net	(839,262)	3,651,524	(4,490,786)	(123%)
	(10,529,309)	(4,681,026)	(5,848,283)	125%
INCOME BEFORE INCOME TAX	38,714,004	27,733,525	10,980,479	40%
PROVISION FOR INCOME TAX				
Current	6,783,913	2,816,720	3,967,193	141%
Deferred	1,186,962	3,005,402	(1,818,440)	(61%)
	7,970,875	5,822,122	2,148,753	37%
NET INCOME	₱30,743,129	₱21,911,403	₱8,831,726	40%
Attributable to:				
Equity holders of the Parent	₱30,099,799	₱21,786,516	₱8,313,283	38%
Non-controlling interests	643,330	124,887	518,443	415%
	₱30,743,129	₱21,911,403	₱8,831,726	40%

Revenues

SM Prime recorded consolidated revenues of ₱105.79 billion in 2022, an increase of 29% compared to ₱82.32 billion in the same period of 2021, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱58.24 billion in 2022, a 68% increase from ₱34.69 billion in the same period of 2021. Malls operate on a new normal with the easing of mobility restrictions and 85% of the total rental revenues is contributed by the malls while the 15% is from offices and hotels and convention centers.

Real Estate Sales

SM Prime recorded real estate sales of ₱39.05 billion in 2022, a decrease of 13% from ₱45.12 billion in 2021 as a result of the spillover effect of the lapse of Bayanihan Act, which gave a reprieve to unit buyers during the height of the pandemic. Reservation sales in 2022 increased by 3% to ₱102.00 billion from ₱98.89 billion in the same period last year.

Other Revenues

SM Prime's other revenues increased to ₱8.50 billion in 2022 from ₱2.51 billion in the same period in 2021 as the cinema, leisure and entertainment businesses reopen its doors to patrons. Cinemas improved due to high ticket sales from blockbuster movies shown during of the year, including Doctor Strange in the Multiverse of Madness, Avatar: The Way of Water and Black Panther: Wakanda Forever. Leisure and entertainment business benefited from the new normal condition. Other revenues also include cinema and event ticket sales, sponsorships and advertising revenues, bowling operations and sale of food and beverages in hotels.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱56.54 billion in 2022, an increase of 13% from ₱49.90 billion in the same period in 2021, as a result of the following:

Costs of Real Estate

Consolidated costs of real estate decreased by 10% to ₱16.90 billion in 2022 from ₱18.69 billion in the same period in 2021. Gross profit margin on real estate sales is 57% in 2022 from 59% in 2021.

Operating Expenses

SM Prime's consolidated operating expenses increased by 27% to ₱39.64 billion in 2022 compared to last year's ₱31.21 billion. Out of the total operating expenses, 68% is contributed by the malls. Operating expenses include depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities and manpower costs.

Other Income (Charges)

Interest Expense

SM Prime's consolidated interest expense increased by 23% to ₱11.47 billion in 2022 compared to ₱9.36 billion in the same period in 2021 mainly due to the issuance of retail bonds in 2021 and 2022, respectively, and new bank loans availed for working capital and capital expenditure requirements, net of the capitalized interest on proceeds spent for construction and development of investment properties.

Interest, Dividend and Others – net

Interest, dividend and others – net decreased to ₱0.94 billion in 2022 from last year's ₱4.68 billion. This mainly consists of interest income from cash and cash equivalents, dividend income from equity instruments, equity in net earnings from associates and joint ventures and foreign exchange gains and losses.

Provision for income tax – net

SM Prime's consolidated provision for income tax – net increased to ₱7.97 billion in 2022 compared to ₱5.82 billion in the same period in 2021.

Net income attributable to non-controlling interests

SM Prime's consolidated net income attributable non-controlling interest increased to ₱0.64 billion in 2022 as compared to ₱0.12 billion in the same period in 2021.

Net income attributable to Parent

SM Prime's consolidated net income attributable to Parent increased by 38% to ₱30.10 billion in 2022 as compared to ₱21.79 billion in the same period in 2021.

Balance Sheet

(in ₱ thousands)	December 31, 2024	December 31, 2023	Increase (Decrease) in ₱ in %	
	(Audited)			
ASSETS				
Current Assets				
Cash and cash equivalents	₱31,246,171	₱31,816,802	(₱570,631)	(2%)
Receivables and contract assets	92,506,904	76,952,202	15,554,702	20%
Real estate inventories	76,927,527	77,886,781	(959,254)	(1%)
Equity instruments at fair value through other comprehensive income (FVOCI)	794,433	747,840	46,593	6%
Derivative assets	780,087	2,247,073	(1,466,986)	(65%)
Prepaid expenses and other current assets	28,426,708	27,804,930	621,778	2%
Total Current Assets	230,681,830	217,455,628	13,226,202	6%
Noncurrent Assets				
Equity instruments at FVOCI – net of current portion	20,392,800	19,570,212	822,588	4%
Investment properties	601,339,921	545,074,746	56,265,175	10%
Investments in associates and joint ventures	33,108,359	32,431,195	677,164	2%
Property and equipment	1,493,295	1,554,990	(61,695)	(4%)
Deferred tax assets – net	1,634,307	1,492,359	141,948	10%
Derivative assets – net of current portion	3,990,740	3,276,971	713,769	22%
Other noncurrent assets	126,789,478	122,471,474	4,318,004	4%
Total Noncurrent Assets	788,748,900	725,871,947	62,876,953	9%
	₱1,019,430,730	₱943,327,575	₱76,103,155	8%
LIABILITIES AND EQUITY				
Current Liabilities				
Loans payable	₱17,312,356	₱4,288,964	₱13,023,392	304%
Accounts payable and other current liabilities	103,788,961	99,084,851	4,704,110	5%
Current portion of long-term debt	89,287,442	67,746,351	21,541,091	32%
Income tax payable	1,606,324	1,295,842	310,482	24%
Total Current Liabilities	211,995,083	172,416,008	39,579,075	23%
Noncurrent Liabilities				
Long-term debt – net of current portion	283,320,341	294,622,256	(11,301,915)	(4%)
Tenants’ and customers’ deposits – net of current portion	30,528,879	25,301,504	5,227,375	21%
Deferred tax liabilities – net	13,923,287	12,458,096	1,465,191	12%
Derivative liabilities – net of current portion	50,447	265,013	(214,566)	(81%)
Other noncurrent liabilities	43,372,203	39,377,662	3,994,541	10%
Total Noncurrent Liabilities	371,195,157	372,024,531	(829,374)	(0%)
Total Liabilities	₱583,190,240	₱544,440,539	₱38,749,701	7%

Equity Attributable to Equity Holders of the Parent				
Capital stock	₱33,166,300	₱33,166,300	₱–	0%
Additional paid-in capital – net	38,164,173	38,159,900	4,273	0%
Cumulative translation adjustment	3,135,756	2,556,139	579,617	23%
Net fair value changes of equity instruments at FVOCI	17,807,766	16,938,503	869,263	5%
Net fair value changes on cash flow hedges	604,031	1,079,094	(475,063)	(44%)
Remeasurement loss on defined benefit obligation	(792,229)	(1,062,437)	270,208	(25%)
Retained earnings:				
Appropriated	100,000,000	42,200,000	57,800,000	137%
Unappropriated	243,991,970	266,143,815	(22,151,845)	(8%)
Treasury stock	(2,984,695)	(2,984,695)	–	0%
Total Equity Attributable to Equity Holders of the Parent	433,093,072	396,196,619	36,896,453	9%
Non-controlling Interests	3,147,418	2,690,417	457,001	17%
Total Equity	436,240,490	398,887,036	37,353,454	9%
	₱1,019,430,730	₱943,327,575	₱76,103,155	8%

SM Prime's total assets amounted to ₱1,019.43 billion and ₱943.33 billion as of December 31, 2024 and December 31, 2023, respectively. SM Prime's total assets surpassed ₱1 trillion, an 8% upturn.

Receivables and contract assets increased to ₱92.51 billion from ₱76.95 billion as of December 31, 2024 and December 31, 2023, respectively, mainly due to high take up of residential projects.

Derivative assets – net decreased to ₱4.72 billion from ₱5.25 billion as of December 31, 2024 and December 31, 2023, respectively, mainly due to net fair value changes on interest rate and foreign exchange swap transactions and maturities during the period.

Investment properties increased by 10% to ₱601.34 billion from ₱545.07 billion as of December 31, 2024 and December 31, 2023, respectively, primarily due to ongoing integrated property developments, new mall projects and redevelopment of existing malls, and construction of commercial projects, net of depreciation expense for the period.

Deferred tax asset – net increased to ₱1.63 billion from ₱1.49 billion as of December 31, 2024 and December 31, 2023, respectively. Deferred tax liabilities – net increased to ₱13.92 billion from ₱12.46 billion as of December 31, 2024 and December 31, 2023, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes.

Interest-bearing debt, which includes Loans payable and Long-term debt, increased by 6% to ₱389.92 billion from ₱366.66 billion as of December 31, 2024 and December 31, 2023, respectively, due to net availments for the period for integrated property developments and foreign exchange translation.

Accounts payable and other current liabilities increased by 5% to ₱103.79 billion from ₱99.08 billion as of December 31, 2024 and December 31, 2023, respectively, due to payables to contractors and suppliers related to ongoing projects.

Income tax payable increased to ₱1.61 billion from ₱1.30 billion as of December 31, 2024 and December 31, 2023, respectively, mainly due to tax provisions, net of payments for the year.

Tenants' and customers' deposits increased by 21% to ₱30.53 billion from ₱25.30 billion as of December 31, 2024 and December 31, 2023, respectively, and is attributable to the new malls and office building tenants.

Other noncurrent liabilities increased to ₱43.37 billion from ₱39.38 billion as of December 31, 2024 and December 31, 2023, respectively, due to increase in deferred output VAT related to sale of residential projects, retention payable, net of payments of liability for purchased land.

Cumulative translation adjustment increased to ₱3.14 billion from ₱2.56 billion as of December 31, 2024 and December 31, 2023, respectively, as a result of foreign exchange movement between periods.

Non-controlling interests increased to ₱3.15 billion from ₱2.69 billion as of December 31, 2024 and December 31, 2023, respectively, due to increase in net income attributable to non-controlling interests, net of dividends declared for the period.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year as of balance sheet date.

As at December 31, 2024 and 2023, the retained earnings appropriated amounted to ₱100 billion and ₱42.20 billion, respectively, for planned construction projects and land banking activities. This represents a continuing appropriation to cover the Company's capital expenditures.

<i>(in ₪ thousands)</i>	December 31, 2023	December 31, 2022	Increase (Decrease)	
			in ₪	in %
	(Audited)			
ASSETS				
Current Assets				
Cash and cash equivalents	₪31,816,802	₪42,060,082	(₪10,243,280)	(24%)
Receivables and contract assets	76,952,202	82,560,354	(5,608,152)	(7%)
Real estate inventories	77,886,781	70,500,025	7,386,756	10%
Equity instruments at fair value through other comprehensive income (FVOCI)	747,840	534,865	212,975	40%
Derivative assets	2,247,073	585,576	1,661,497	284%
Prepaid expenses and other current assets	27,804,930	25,767,334	2,037,596	8%
Total Current Assets	217,455,628	222,008,236	(4,552,608)	(2%)
Noncurrent Assets				
Equity instruments at FVOCI – net of current portion	19,570,212	17,077,198	2,493,014	15%
Investment properties	545,074,746	489,266,042	55,808,704	11%
Investments in associates and joint ventures	32,431,195	30,578,320	1,852,875	6%
Property and equipment	1,554,990	1,399,840	155,150	11%
Deferred tax assets – net	1,492,359	931,366	560,993	60%
Derivative assets – net of current portion	3,276,971	6,752,744	(3,475,773)	(51%)
Other noncurrent assets	122,471,474	106,200,906	16,270,568	15%
Total Noncurrent Assets	725,871,947	652,206,416	73,665,531	11%
	₪943,327,575	₪874,214,652	₪69,112,923	8%
LIABILITIES AND EQUITY				
Current Liabilities				
Loans payable	₪4,288,964	₪5,422,524	(₪1,133,560)	(21%)
Accounts payable and other current liabilities	99,077,428	88,122,597	10,954,831	12%
Current portion of long-term debt	67,746,351	50,839,776	16,906,575	33%
Derivative liabilities	7,423	19,496	(12,073)	(62%)
Income tax payable	1,295,842	765,909	529,933	69%
Total Current Liabilities	172,416,008	145,170,302	27,245,706	19%
Noncurrent Liabilities				
Long-term debt – net of current portion	294,622,256	296,134,836	(1,512,580)	(1%)
Tenants' and customers' deposits – net of current portion	25,301,504	23,799,162	1,502,342	6%
Liability for purchased land – net of current portion	539,959	1,129,719	(589,760)	(52%)
Deferred tax liabilities – net	12,458,096	11,140,040	1,318,056	12%
Derivative liabilities – net of current portion	265,013	294,403	(29,390)	(10%)
Other noncurrent liabilities	38,837,703	31,394,584	7,443,119	24%
Total Noncurrent Liabilities	372,024,531	363,892,744	8,131,787	2%
Total Liabilities	₪544,440,539	₪509,063,046	₪35,377,493	7%

Equity Attributable to Equity Holders of the Parent				
Capital stock	₱33,166,300	₱33,166,300	₱–	0%
Additional paid-in capital – net	38,159,900	38,124,193	35,707	0%
Cumulative translation adjustment	2,556,139	3,435,171	(879,032)	(26%)
Net fair value changes of equity instruments at FVOCI	16,938,503	14,232,514	2,705,989	19%
Net fair value changes on cash flow hedges	1,079,094	2,984,605	(1,905,511)	(64%)
Remeasurement loss on defined benefit obligation	(1,062,437)	(928,882)	(133,555)	14%
Retained earnings:				
Appropriated	42,200,000	42,200,000	–	0%
Unappropriated	266,143,815	232,972,284	33,171,531	14%
Treasury stock	(2,984,695)	(2,984,695)	–	0%
Total Equity Attributable to Equity Holders of the Parent	396,196,619	363,201,490	32,995,129	9%
Non-controlling Interests	2,690,417	1,950,116	740,301	38%
Total Equity	398,887,036	365,151,606	33,735,430	9%
	₱943,327,575	₱874,214,652	₱69,112,923	8%

SM Prime's total assets amounted to ₱943.33 billion and ₱874.21 billion as of December 31, 2023 and December 31, 2022, respectively.

Cash and cash equivalents decreased to ₱31.82 billion from ₱42.06 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to various capital expenditures and payments of maturing debts, net of collections from operations.

Receivables and contract assets decreased by 7% to ₱76.95 billion from ₱82.56 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to collections made for the period.

Real estate inventories increased by 10% to ₱77.89 billion from ₱70.50 billion as of December 31, 2023 and December 31, 2022, respectively, due to construction accomplishments for the period, net of cost of sold units.

Equity instruments at fair value through other comprehensive income (FVOCI) increased by 15% to ₱20.32 billion from ₱17.61 billion as of December 31, 2023 and December 31, 2022, respectively, with equivalent increase of 19% in net fair value changes of equity instruments at FVOCI to ₱16.94 billion from ₱14.23 billion as of December 31, 2023 and December 31, 2022, respectively, due to changes in fair values under this portfolio.

Derivative assets – net decreased to ₱5.25 billion from ₱7.02 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to foreign exchange and net fair value changes on swap transactions and maturities during the period. Net fair value changes on cash flow hedges decreased to ₱1.08 billion from ₱2.98 billion unrealized gain as of December 31, 2023 and December 31, 2022, respectively.

Prepaid expenses and other current assets increased by 8% to ₱27.80 billion from ₱25.77 billion as of December 31, 2023 and December 31, 2022, respectively, due to increase in prepaid taxes and input and creditable withholding taxes.

Investment properties increased by 11% to ₱545.07 billion from ₱489.27 billion as of December 31, 2023 and December 31, 2022, respectively, primarily due to landbanking, ongoing new mall projects, redevelopment of existing malls, and construction of commercial projects, net of depreciation expense for the period.

Investments in associates and joint ventures increased by 6% to ₱32.43 billion from ₱30.58 billion as of December 31, 2023 and December 31, 2022, respectively, due to equity in net earnings of associates and joint ventures.

Property and equipment increased by 11% to ₱1.55 billion from ₱1.40 billion as of December 31, 2023 and December 31, 2022, respectively, primarily due to additions, net of depreciation during the period.

Deferred tax asset – net increased to ₱1.49 billion from ₱0.93 billion as of December 31, 2023 and December 31, 2022, respectively. Deferred tax liabilities – net increased to ₱12.46 billion from ₱11.14 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes.

Other noncurrent assets, which includes noncurrent portion of receivables from sale of real estate and bonds and deposits for real estate acquisitions, increased by 15% to ₱122.47 billion from ₱106.20 billion as of December 31, 2023 and December 31, 2022, respectively.

Loans payable decreased to ₱4.29 billion from ₱5.42 billion as of December 31, 2023 and December 31, 2022, respectively, due to payments, net of loan availments for the period.

Accounts payable and other current liabilities increased by 12% to ₱99.08 billion from ₱88.12 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to payables to contractors and suppliers related to ongoing projects, current portion of liability for purchased land and customers' deposits.

Income tax payable increased to ₱1.30 billion from ₱0.77 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to provisions, net of payments for the year.

Long-term debt increased by 4% to ₱362.37 billion from ₱346.97 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to issuance of retail bonds and new debt availments, net of payments of maturities during the period.

Tenants' and customers' deposits increased by 6% to ₱25.30 billion from ₱23.80 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to the new malls and office building tenants.

Liability for purchased land – net of current portion decreased to ₱0.54 billion from ₱1.13 billion as of December 31, 2023 and December 31, 2022, respectively, due to payments, net of additions for the year.

Other noncurrent liabilities increased to ₱38.84 billion from ₱31.39 billion as of December 31, 2023 and December 31, 2022, respectively, due to increase in deferred output VAT related to sale of residential projects and retention payable.

Cumulative translation adjustment decreased to ₱2.56 billion from ₱3.44 billion as of December 31, 2023 and December 31, 2022, respectively, as a result of foreign exchange movement between years.

Non-controlling interests increased by 38% to ₱2.69 billion from ₱1.95 billion as of December 31, 2023 and December 31, 2022, respectively, due to increase in net income for the period.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year as of balance sheet date.

As at December 31, 2023 and December 31, 2022, the amount of retained earnings appropriated for the continuous corporate and mall expansions amounted to ₱42.20 billion. This represents a continuing appropriation for land banking activities and planned construction projects. The appropriation is being fully utilized to cover part of the annual capital expenditure requirement of the Company.

For the year 2024, the Company is looking at ₱100 billion for its capital expenditure program. This will be funded with internally generated funds and external borrowings.

(in ₱ thousands)	December 31, 2022	December 31, 2021	Increase (Decrease) in ₱	in %
(Audited)				
ASSETS				
Current Assets				
Cash and cash equivalents	₱42,060,082	₱39,775,852	₱2,284,230	6%
Receivables and contract assets	82,560,354	73,019,966	9,540,388	13%
Real estate inventories	70,500,025	56,575,047	13,924,978	25%
Equity instruments at fair value through other comprehensive income (FVOCI)	534,865	547,041	(12,176)	(2%)
Derivative assets	585,576	753,506	(167,930)	(22%)
Prepaid expenses and other current assets	25,767,334	24,993,357	773,977	3%
Total Current Assets	222,008,236	195,664,769	26,343,467	13%
Noncurrent Assets				
Equity instruments at FVOCI – net of current portion	17,077,198	17,400,372	(323,174)	(2%)
Investment properties	489,266,042	467,391,988	21,874,054	5%
Investments in associates and joint ventures	30,578,320	29,187,435	1,390,885	5%
Property and equipment	1,399,840	1,372,276	27,564	2%
Deferred tax assets – net	931,366	734,975	196,391	27%
Derivative assets – net of current portion	6,752,744	1,043,670	5,709,074	547%
Other noncurrent assets	106,200,906	91,607,795	14,593,111	16%
Total Noncurrent Assets	652,206,416	608,738,511	43,467,905	7%
	₱874,214,652	₱804,403,280	₱69,811,372	9%
LIABILITIES AND EQUITY				
Current Liabilities				
Loans payable	₱5,422,524	₱6,487,427	(₱1,064,903)	(16%)
Accounts payable and other current liabilities	88,122,597	91,377,717	(3,255,120)	(4%)
Current portion of long-term debt	50,839,776	42,261,601	8,578,175	20%
Derivative liabilities	19,496	335,367	(315,871)	(94%)
Income tax payable	765,909	563,387	202,522	36%
Total Current Liabilities	145,170,302	141,025,499	4,144,803	3%
Noncurrent Liabilities				
Long-term debt – net of current portion	296,134,836	264,969,216	31,165,620	12%
Tenants' and customers' deposits – net of current portion	23,799,162	21,458,281	2,340,881	11%
Liability for purchased land – net of current portion	1,129,719	2,540,050	(1,410,331)	(56%)
Deferred tax liabilities – net	11,140,040	9,688,555	1,451,485	15%
Derivative liabilities – net of current portion	294,403	1,748,186	(1,453,783)	(83%)
Other noncurrent liabilities	31,394,584	28,612,720	2,781,864	10%
Total Noncurrent Liabilities	363,892,744	329,017,008	34,875,736	11%
Total Liabilities	509,063,046	470,042,507	39,020,539	8%

Equity Attributable to Equity Holders of the Parent				
Capital stock	₱33,166,300	₱33,166,300	₱–	0%
Additional paid-in capital – net	38,124,193	38,056,016	68,177	0%
Cumulative translation adjustment	3,435,171	3,083,184	351,987	11%
Net fair value changes of equity instruments at FVOCI	14,232,514	14,708,368	(475,854)	(3%)
Net fair value changes on cash flow hedges	2,984,605	(432,883)	3,417,488	(789%)
Remeasurement loss on defined benefit obligation	(928,882)	(548,643)	(380,239)	69%
Retained earnings:				
Appropriated	42,200,000	42,200,000	–	0%
Unappropriated	232,972,284	205,671,557	27,300,727	13%
Treasury stock	(2,984,695)	(2,984,695)	–	0%
Total Equity Attributable to Equity Holders of the Parent	363,201,490	332,919,204	30,282,286	9%
Non-controlling Interests	1,950,116	1,441,569	508,547	35%
Total Equity	365,151,606	334,360,773	30,790,833	9%
	₱874,214,652	₱804,403,280	69,811,372	9%

SM Prime's total assets amounted to ₱874.21 billion and ₱804.40 billion as of December 31, 2022 and December 31, 2021, respectively.

Cash and cash equivalents increased by 6% to ₱42.06 billion from ₱39.78 billion as of December 31, 2022 and December 31, 2021, respectively, mainly due to improved collections, proceeds from the issuance of bonds and availment of new loans, net of payments for capital expenditure projects during the period and debt servicing.

Receivables and contract assets increased by 13% to ₱82.56 billion from ₱73.02 billion as of December 31, 2022 and December 31, 2021, respectively, due to increase in rental receivables from new malls and expansions and increase in sale of residential units.

Real estate inventories increased by 25% to ₱70.50 billion from ₱56.58 billion as of December 31, 2022 and December 31, 2021, respectively, due to construction accomplishments for the period, net of cost of sold units.

Derivatives improved to ₱7.02 billion net asset from ₱0.29 billion net liability as of December 31, 2022 and December 31, 2021, respectively, mainly due to foreign exchange and net fair value changes on swap transactions during the period. This also resulted to the increase in net fair value changes on cash flow hedges to ₱2.98 billion unrealized gain from ₱0.43 billion unrealized loss as of December 31, 2022 and December 31, 2021, respectively.

Investment properties increased by 5% to ₱489.27 billion from ₱467.39 billion as of December 31, 2022 and December 31, 2021, respectively, primarily due to landbanking, ongoing new mall projects, redevelopment of SM Mall of Asia and other existing malls, and construction of commercial buildings, net of depreciation expense for the period.

Investments in associates and joint ventures increased by 5% to ₱30.58 billion from ₱29.19 billion as of December 31, 2022 and December 31, 2021, respectively, due to equity in net earnings of associates and joint ventures.

Other noncurrent assets, which includes bonds and deposits for real estate acquisitions and noncurrent portion of receivables from sale of real estate, increased by 16% to ₱106.20 billion from ₱91.61 billion as of December 31, 2022 and December 31, 2021, respectively.

Loans payable decreased by 16% to ₱5.42 billion from ₱6.49 billion as of December 31, 2022 and December 31, 2021, respectively, due to payments, net of availment for the period.

Income tax payable increased by 36% to ₱0.77 billion from ₱0.56 billion as of December 31, 2022 and December 31, 2021, respectively, mainly due provisions for the year, net of payments.

Long-term debt increased by 13% to ₱346.97 billion from ₱307.23 billion as of December 31, 2022 and December 31, 2021, respectively, mainly due to issuance of retail bonds and new loan availments, net of payments of matured loans during the period.

Tenants' and customers' deposits increased by 11% to ₱23.80 billion from ₱21.46 billion as of December 31, 2022 and December 31, 2021, respectively, mainly due to the new malls and office building tenants.

Liability for purchased land decreased to ₱1.13 billion from ₱2.54 billion as of December 31, 2022 and December 31, 2021, respectively, due to payments made during the period.

Deferred tax liabilities – net increased by 15% to ₱11.14 billion from ₱9.69 billion as of December 31, 2022 and December 31, 2021, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes. Deferred tax assets – net increased by 27% to ₱0.93 billion from ₱0.73 billion as of December 31, 2022 and December 31, 2021 mainly due to actuarial loss for the year.

Other noncurrent liabilities increased by 10% to ₱31.39 billion from ₱28.61 billion as of December 31, 2022 and December 31, 2021, respectively, due to increase in noncurrent portion of lease liabilities and deferred output VAT related to sale of residential projects.

Cumulative translation adjustment increased by 11%, to ₱3.44 billion from ₱3.08 billion as of December 31, 2022 and December 31, 2021, respectively, as a result of foreign exchange. While remeasurement loss on defined benefit obligation increased by 69% to ₱0.93 billion from ₱0.55 billion as of December 31, 2022 and December 31, 2021, respectively, due to actuarial loss for the year.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year as of balance sheet date.

As at December 31, 2022 and December 31, 2021, the amount of retained earnings appropriated for the continuous corporate and mall expansions amounted to ₱42.20 billion. This represents a continuing appropriation for land banking activities and planned construction projects. The appropriation is being fully utilized to cover part of the annual capital expenditure requirement of the Company.

For the year 2023, the Company expects to incur capital expenditures of around ₱80 billion. This will be funded with internally generated funds and external borrowings.

Key performance indicators

The following are the major financial ratios of the Company as at and for the years ended December 31, 2024, 2023, and 2022:

	Year ended December 31		
	2024	2023	2022
Current ratio	2.19	2.17	2.50
Acid test ratio	1.18	1.09	1.41
Solvency ratio	1.75	1.73	1.72
Debt to equity	47:53	48:52	49:51
Net debt to equity	45:55	46:54	46:54
Return on equity	11.0%	10.5%	8.6%
Net income margin	33%	31%	28%
Asset to equity ratio	2.35	2.38	2.41
Interest service coverage ratio	5.90	5.31	5.33
Debt to earnings before interest, taxes, depreciation and amortization (EBITDA)	4.75	4.95	5.77
Return on investment properties	9.7%	9.0%	7.4%

The Company's key financial indicators are measured in terms of the following:

- (1) Current ratio which measures the ratio of total current assets to total current liabilities excluding loans payable and current portion of long-term debt due for refinancing;
- (2) Acid test ratio which measures the ratio of quick assets, which includes cash and cash equivalents, receivables and contract assets, and current portion of equity instruments at fair value through other comprehensive income, to total current liabilities excluding loans payable and current portion of long-term debt due for refinancing;
- (3) Solvency ratio which measures the ratio of total assets to total liabilities;
- (4) Debt to equity ratio which measures the ratio of interest-bearing debt to equity attributable to equity holders of the Parent;
- (5) Net debt to equity which measures the ratio of interest-bearing debt net of cash and cash equivalents to equity attributable to equity holders of the Parent;
- (6) Return on equity which measures the ratio of net income attributable to the equity holders of the Parent to average total equity attributable to the equity holders of the Parent;
- (7) Net income margin which measures the ratio of net income attributable to the equity holders of the Parent to total revenue;
- (8) Asset to equity ratio which measures the ratio of total assets to total equity attributable to equity holders of the Parent;
- (9) Interest service coverage ratio which measures the ratio of EBITDA to interest expense; and
- (10) Debt to EBITDA which measures the ratio of EBITDA to total interest-bearing debt;
- (11) Return on investment properties which measures the ratio of net income attributable to the equity holders of the Parent to total average investment properties (excluding construction in progress).

There are no known trends, events, material changes, seasonal aspects, uncertainties or elements that are expected to affect the Company's continuing operations. The Company has no material commitments for capital expenditures except for those disclosed in Note 12 of the audited consolidated financial statements.

ITEM 7. Financial Statements

Please see the attached consolidated audited financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

ITEM 8. Information on Independent Accountant and Other Related Matters

SGV & Co., the external auditor of the Company for the current year, is subject to re-appointment as the Company's external auditor for 2025 with the endorsement of the Audit Committee and approval of the Board of Directors. SGV & Co.'s appointment for 2025 will be presented for confirmation of stockholders at the scheduled Annual Stockholders' Meeting. Representatives of SGV & Co. are expected to be present at the stockholders' meeting, where they are given the opportunity to make a statement should they desire to do so, and to respond to questions from stockholders.

The Audit Committee pursuant to its Charter recommends to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. Also part of the Committee's duties and responsibilities is to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices, risk management and internal control systems and adherence to over-all corporate governance best practice. The Committee also oversees the Company's process for monitoring compliance with laws, regulations, the Code of Ethics, and performs other duties as the Board may require. Prior to commencement of audit, the Committee is mandated to discuss with the external auditor the nature, scope and approach, of the audit including coordination of audit effort with internal audit. The Company's Manual on Corporate Governance also provides that the Committee shall pre-approve all audit plans, scope and frequency one month before the conduct of external audit.

The Committee also evaluates the performance of the external auditor and recommends to the Board the appointment, re-appointment or removal of the external auditor. The Committee further reviews the independence of the external auditor and meets with the latter separately to discuss any matters that either party believes should be discussed privately.

Pursuant to SRC Rule 68, Paragraph 3(b) (iv) and (ix) (Rotation of External Auditors) which states that the signing partner shall be rotated after every seven years of engagement with a two-year cooling off period for the re-engagement of the same signing partner, the Company engaged Mr. Juan Miguel P. Machuca of SGV & Co. in 2023 after the term of Ms. Belinda T. Beng Hui of SGV & Co in 2022.

The fees to SGV & Co. and Ernst & Young (EY) for assurance services amounted to ₱17 million for the years ended December 31, 2024 and 2023. The other fees for non-assurance services amounted to ₱4 million and ₱5 million for the years ended December 31, 2024 and 2023, respectively.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. Directors and Executive Officers of the Registrant

DIRECTORS AND EXECUTIVE OFFICERS

Office	Name	Citizenship	Age
Chairman	Henry T. Sy, Jr.	Filipino	71
Vice Chairman and Lead Independent Director	Amando M Tetangco, Jr.	Filipino	72
Independent Director	J. Carlitos G. Cruz	Filipino	64
Independent Director	Darlene Marie B. Berberabe	Filipino	56
Director and President	Jeffrey C. Lim	Filipino	63
Director	Hans T. Sy	Filipino	69
Director	Herbert T. Sy	Filipino	68
Director	Jorge T. Mendiola	Filipino	65
Chief Finance Officer/Corporate Information Officer/Chief Compliance Officer	John Nai Peng C. Ong	Filipino	55
Vice President – Internal Audit	Marvin Perrin L. Pe	Filipino	46
Chief Risk Officer	Joana B. Tiangco	Filipino	40
Corporate Secretary/Alternate Compliance Officer	Elmer B. Serrano	Filipino	57
Assistant Corporate Secretary and Alternate Corporate Information Officer	Arthur A. Sy	Filipino	55

Board of Directors

Henry T. Sy, Jr. has been a director of SM Prime since 1994. He was appointed as Chairman of the Board in 2014. He is responsible for the real estate acquisitions and development activities of SM Group, which include the identification, evaluation and negotiation for potential sites, as well as the input of design ideas. He is currently the Vice Chairman of SMIC, Chairman and Chief Executive Officer of SMDC, Vice Chairman of The National Grid Corporation of the Philippines and Chairman of the Board of Synergy Grid & Development Phils., Inc. He holds a Bachelor's Degree in Management from De La Salle University.

Amando M. Tetangco, Jr.* was elected as Vice Chairman and Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently the Chairman of SMIC, an Independent Director of Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorships in Manila Hotel and Toyota Motor Philippines. He is also a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity. He is also a member of the international advisory board of the Graduate Institute for Policy Studies in Tokyo, Japan and the Asia School of Business in Kuala Lumpur, Malaysia.

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served for two consecutive 6-year terms from July 2005 to July 2017. He was a career central banker for over four decades, having joined the Central Bank of the Philippines on March 25, 1974. During his term as Governor, he held other government positions, such as the Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International Convention Center. He was also Vice-Chair of the Agriculture Credit Policy Council; and a member of the Capital Markets Development Council and the Export Development Council. Prior to his first appointment as Governor in 2005, he was Deputy Governor in charge of the Banking Services Sector, Economic Research and Treasury of the BSP. He also was the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. Before joining the Central Bank, he worked at the Management Services Division of SGV & Co. in 1973-74.

Overseas, he was the country's representative to the ASEAN Central Bank Forum; the Executives' Meeting of East Asia and Pacific Central Banks; the South East Asia Central Banks; the South East Asia, New Zealand and Australia; and the Center for Latin American Monetary Studies. He was the Governor for the Philippines at the International Monetary Fund and the Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he was Chair of the Meeting of Small Open Economies. He also chaired various international committees – the BIS Asian Consultative Council; the Financial Stability Board Regional Consultative Group for Asia; and the Alliance for Financial Inclusion Steering Committee.

He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognition by a number of international organizations as one of the best central bank governors and chosen as MAP Management Man of the Year in 2015. He was conferred the Honorary Degree of Doctorate in Management by the Asian Institute Management in 2023.

Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (cum laude), and obtained his Masters in Public Policy and Administration (Development Economics) from the University of Wisconsin at Madison, Wisconsin, USA, as a BSP scholar. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance.

J. Carlitos G. Cruz* was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently an independent director of Transnational Diversified Group, Inc., Federal Land, Inc., Asialink Finance Corporation and related companies namely Global Dominion Financing Incorporated, South Asialink Finance Corporation, Global Cebuana Finance Inc., Cebuana Cycle Financing, Inc., AFC SME Finance Inc., Global SME Loans, Inc., Wisefund Finance Corp., Cycle Financing Corp., Surecycle Financing Corp., Cepat Kredit Financing, Inc., Forbes Lending Solutions Corporation and Annapolis Finance, Inc. and MarcoPay and its subsidiaries such as MCP Finance, Inc. and MCP Insurance Management and Agency, Inc., and an independent trustee of the MPIC Beneficial Trust Fund. He is also an independent director of Vivant Corporation which is a listed company. He is also a member of the Makati Business Club, Inc. and Management Association of the Philippines. Mr. Cruz joined SGV & Co. in 1981 and was admitted to the partnership in 1995. He was later on appointed Chairman and Managing Partner in 2017 until 2019. Concurrent with his role as SGV Chairman and Managing Partner, he was also Chairman and President of the SGV Foundation. He also became President of Association of Certified Public Accountants in Public Practice (ACPAPP) in 2017, and in 2018, assumed the presidency of the ACPAPP Foundation. Mr. Cruz has also been active in supporting the Government's efforts to promote business and trade by participating in Presidential business delegations to various countries, including Thailand during the terms of President Joseph Estrada, President Corazon Aquino and President Rodrigo Duterte; Europe and Japan during the term of President Benigno Aquino III; and Russia during the term of President Rodrigo Duterte. Mr. Cruz graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree and is a Certified Public Accountant (CPA). He completed the Advanced Management Program of the Harvard Business School in 2007. He has been conferred with numerous awards, including the "Parangal San Mateo" from the Philippine Institute of Certified Public Accountants. The award is the highest honor given to a CPA in honor of his significant contributions to the accountancy profession. He was also conferred by the Philippine Regulatory Board of Accountancy as a recipient of the Accounting Centenary Award of Excellence given to the 100 most notable CPAs in Philippine Accounting history.

Atty. Darlene Marie B. Berberabe* was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. She is a lawyer, management consultant, and academic. She is the Dean of the UP College of Law and holds directorates in Joy-Nostalg Solaris Inc., Palm Concepcion Power Corporation, PA Alvarez, Katapult Digital and UnionDigital Bank. She is also a faculty member of the Philippine Judicial Academy. She is also elected to the Board of Trustees of The Outstanding Women in Nation Service, Philippine Heart Association and University of the Philippines (UP) Law Alumni

Foundation. She was an associate lawyer in Quisumbing Torres Law Firm with specialization on labor law. Post law firm, she joined Procter & Gamble Philippines where she was a Senior Counsel and member of the Leadership Team. In 2010, she was appointed by the President of the Republic of the Philippines as the CEO of Pag-IBIG Fund. She was a recipient of a number of awards including Outstanding CEO in Asia by the ADFIAP, Outstanding CEO in the public sector by Asia CEO, one of the The Outstanding Women in Nation Service in 2013, and one of the 100 Most Influential Filipino Women in 2014. She graduated with a degree in Philosophy from UP, summa cum laude and class valedictorian of the College of Social Sciences and Philosophy in 1989. She was the first female Philosophy instructor in the same school where she taught for ten years, and has a Masters in Philosophy. She was a working student and graduated salutatorian of her class in UP Law in 1999.

** Independent director – The Independent Directors of the Company are Messrs. Amando M. Tetangco, Jr. and J. Carlitos G. Cruz, and Ms. Darlene Marie B. Berberabe. The Company has complied and will comply with the Guidelines set forth by Securities Regulation Code (SRC) Rule 38, as amended, regarding the Nomination and Election of Independent Directors. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule.*

Jeffrey C. Lim was appointed President of SM Prime in October 2016 and has been reappointed since then. He is a member of the Company's Executive Committee. He was elected to the Board of Directors of SM Prime in April 2016. He concurrently holds various board and executive positions in other SMPH's subsidiaries. He is a Certified Public Accountant and holds a Bachelor's degree in Accounting from the University of the East. Prior to joining the Company in 1994, he worked for a multi-national company and for SGV & Co.

Hans T. Sy is the Chairman of the Executive Committee of SM Prime and has been a Director of the Company since 1994. He previously held the position of President of SM Prime until September 2016. He also held key positions in several companies engaged in banking, real estate development, mall operations, as well as leisure and entertainment. He is currently Adviser to the Board of SMIC, Chairman of China Banking Corporation (China Bank), and Chairman of National University. Mr. Sy holds a B.S. Mechanical Engineering degree from De La Salle University.

Herbert T. Sy has been a director of the SM Prime since 1994. He is also an Adviser to the Board of SMIC and is currently the Chairman of Supervalu Inc., Super Shopping Market Inc. and Sanford Marketing Corporation and Director of Alfamart Trading Philippines Inc. and China Bank. He also sits in the Board of several companies within the SM Group and has worked with SM companies engaged in food retail for more than thirty-five years. He is likewise actively involved in the SM Group's Supermarket Operations, which include acquisition, evaluation and negotiation for potential sites. He holds a Bachelor's degree in Management from De La Salle University.

Jorge T. Mendiola has been a director of SM Prime since 2012. He is also currently a Director of SM Retail, Inc. He started his career with The SM Store as a Special Assistant to the Senior Branch Manager in 1989 and rose to become its President in 2011, a position he held for four years. He is also currently one of the Directors of the Philippine Retailers Association. He received his Master's degree in Business Management from the Asian Institute of Management. He holds an A.B. Economics degree from Ateneo de Manila University.

Executive Officers

John Nai Peng C. Ong is the Chief Finance Officer, CCO, Corporate Information Officer and a member of the Company's Executive Committee. He holds various board and executive positions in other SMPH's subsidiaries. He is a Certified Public Accountant and holds a Bachelor of Science degree in Accounting from Ateneo de Zamboanga University. He received his Master in Management from the Asian Institute of Management. Prior to joining the Company in 2014, he was an Assurance Partner in SGV & Co.

Marvin Perrin L. Pe is the Vice President for Internal Audit and Chief Audit Executive (CAE). He holds a Bachelor of Science degree in Accountancy from Centro Escolar University. He has completed his Masters in Management Degree, with distinction, from the Asian Institute of Management. Mr. Pe is a Certified Public Accountant, Certified Internal Auditor and has a Certification in Control Self-Assessment. Before joining SM Prime, Mr. Pe was an Assurance Partner of SGV & Co.

Joana B. Tiangco is the CRO of SM Prime and has been with the Company since 2016. She was formerly a compliance and risk officer of the Bank of the Philippine Islands, where she gained over ten years' experience in banking, compliance and risk management.

Ms. Tiangco holds a Bachelor of Science in Management of Financial Institutions from the De La Salle University-Manila, with various training in areas of management, business continuity, operations and control, AML, corporate governance, insurance, leadership management, ethics and compliance, and sustainability, among others.

Atty. Elmer B. Serrano is the Corporate Secretary of SM Prime since November 2014. Atty. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner of the law firm SERRANO LAW. Mr. Serrano has been awarded "Asia Best Lawyer" by the International Financial Law Review (IFLR) and "Leading Lawyer-Highly Regarded" by IFLR 1000. After consistently being ranked as a "Leading Individual", Mr. Serrano was also inducted to the Legal 500's "Hall of Fame" as among the lawyers who received constant praise from clients for continued excellence.

Atty. Serrano is also the Corporate Secretary of public companies, such as, SMIC, Atlas Consolidated Mining and Development Corporation, Premium Leisure Corp., 2GO Group, Inc., and DFNN Inc. He is also the Corporate Information Officer of BDO Unibank, Inc. (BDO Unibank) and serves as the corporate secretary of the bank's subsidiaries and affiliates. Mr. Serrano also sits as a director of several public companies. He is the Chairman of Dominion Holdings, Inc. (formerly BDO Leasing and Finance, Inc.), an Independent Director of EEI Corporation, Philippine Telegraph and Telephone Corporation and Benguet Corporation. He is also a director of 2GO Group, Inc.

Atty. Serrano is also counsel to financial industry institutions such as the Bankers Association of the Philippines, the Philippine Payments Management, Inc. and the PDS Group of Companies. Mr. Serrano is a Certified Associate Treasury Professional and was among the top graduates of the Trust Institute of the Philippines in 2001. Mr. Serrano holds a Juris Doctor degree from the Ateneo de Manila University and a BS Legal Management degree from the same university.

Atty. Arthur A. Sy is the Assistant Corporate Secretary of SMPH. He is the Senior Vice President for Legal Department of SMIC, where he also serves as the Assistant Corporate Secretary. He is likewise the currently appointed Assistant Corporate Secretary of Belle Corporation, Premium Leisure Corp. and 2GO Group, Inc. and the Corporate Secretary of various major companies within the SM Group and the National University. A member of the New York Bar, Atty. Sy holds a Juris Doctor degree from the Ateneo de Manila University, School of Law.

The Directors of the Company are elected at the Annual Stockholders' Meeting. Directors will hold office for a term of one (1) year or until the next succeeding annual meeting and until their respective successors have been elected and qualified. The Directors possess all the qualifications and none of the disqualifications provided for in the SRC and its Implementing Rules and Regulations.

Procedure for Nomination of Directors:

- Any stockholder of record, including a minority stockholder, as of Record Date may nominate and be nominated for election to the Board of Directors of SMPH.
- The Corporate Governance Committee passes upon, and deliberates on, the qualifications of all persons nominated to be elected to the Board of Directors of SMPH, and pre-screens

nominees from the pool of candidates submitted by the nominating stockholders in accordance with the Company's By-laws and Manual of Corporate Governance. The Corporate Governance Committee shall prepare a Final List of Candidates containing information of the listed nominees, from the candidates who have passed the Guidelines, Screening Policies and Parameters for the nomination of directors. Only nominees qualified by the Corporate Governance Committee and whose names appear on the Final List of Candidates shall be eligible for election as director of the Company. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

- In case of resignation, disqualification or cessation of directorship before the next annual stockholders' meeting, the vacancy shall be filled by the vote of at least a majority of the remaining directors, provided, the Board of Directors still constituting a quorum and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation of directorship, upon the pre-qualification of the Corporate Governance Committee. Otherwise, the vacancy shall be filled by stockholders in a regular or special meeting called for that purpose. The director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

All new directors shall undergo an orientation program soon after election. This is intended to familiarize the new directors on their statutory/fiduciary roles and responsibilities in the Board and its Committees, SMPH's strategic plans, enterprise risks, group structures, business activities, compliance programs, and other Company policies such as, but not limited to, Code of Business Conduct and Ethics, Insider Trading Policy, and Corporate Governance Manual.

Aside from the Directors and Executive Officers enumerated above, there are no other employees expected to hold significant executive/officer position in the Company.

All directors are also required to participate in continuing education programs to promote relevance and effectiveness and to keep them abreast of the latest developments in corporate directorship and good governance. For Year 2024, all directors, board advisers and key officers have attended the Annual Corporate Governance Training Programs conducted by BDO Unibank while SMIC and China Bank were facilitated by the Institute of Corporate Directors on July 26, August 7 and August 27. Each director and key officer has attended at least one training session. The 4-hour annual CG training conducted by the aforementioned providers covered the following topics with the corresponding attendance matrix:

- Updated Retail Banking Trends with Generative AI
- The Evolving Cyber Threat Landscape: Current and Future Impact on BDO and Navigating the Risk
- Managing Cyber Risk – Directors Cyber Awareness Briefing
- Artificial Intelligence (AI) Governance and Use Cases
- Anti-Money Laundering Act Updates
- Global Economic and Geopolitical Outlook
- AI Series/Talks: Artificial Intelligence, Future of Technology
- Cybersecurity

Annual Corporate Governance Training Programs	July 26, 2024	August 7, 2024	August 27, 2024
	2024 Corporate Governance Seminar	Advanced Corporate Governance Training	2024 Corporate Governance Seminar
	BDO Unibank	China Bank/Institute of Corporate Directors	SMIC/Institute of Corporate Directors
Directors and Board Advisers			
Henry T. Sy, Jr.		✓	
Amando M. Tetangco, Jr.			✓
Atty. Darlene Marie B. Berberabe			✓
J. Carlitos G. Cruz			✓
Hans T. Sy		✓	
Herbert T. Sy		✓	
Jorge T. Mendiola			✓
Jeffrey C. Lim		✓	
Teresita Sy-Coson	✓		
Elizabeth T. Sy	✓		
Edward K. Lee			✓

Executive Officers			
John Nai Peng C. Ong		✓	
Marvin Perrin L. Pe			✓
Joana B. Tiangco			✓
Atty. Elmer B. Serrano			✓
Atty. Arthur A. Sy			✓

Succession Planning Policy:

SM Prime Board of Directors ensures and adopts an effective succession planning for SM Prime. In order to ensure stability and continuity of the SM Prime mission and goals, this policy is created to address human resource requirements to fill senior and key leadership positions. This is marked by early planning and mentoring to allow smooth organizational and operational transitioning.

This policy is guided by the following principles:

- The Company recognizes and supports the continual development of its internal talent pools and ensure that the leadership pipeline shall embody appropriate competencies, stature and qualifications needed for the mission critical positions. Furthermore, the maturity of character and ability to effectively assimilate into the SM culture are critical.
- Succession Planning Program is one of the top priorities in the Human Resources Department (HRD) agenda by ensuring that the right leaders and talents are in place to drive business plans.
- HRD ensures that there is a sufficient internal qualified candidates that will be given priority to provide value to employee development efforts.

Policy Guidelines

- In consultation with the Top Management, the HRD monitors the talent management implementation focused on identified Mission Critical Positions across SM Prime to sustain the Company's long-term goals.

- Each officer in mission critical positions shall nominate high potential successors and determine their readiness to assume greater responsibilities within 5 years from his / her mandatory retirement from the Company. In this manner, the senior officer will have the opportunity to guide, mentor, and assess the best person to assume the post amongst the pool of possible successors as part of the succession planning and development process.
- Talent review shall be conducted at the senior management level two (2) years prior to retirement to select the most qualified successor, which will need the final approval of the Executive Committee. Upon selection, the outgoing key officer shall take on a senior advisory role over the candidate to commence the transition and development process until his/her separation.
- HRD in coordination with the outgoing officer shall adopt learning and training programs and oversee that these are appropriate and responsive to the professional development needs of the successor. The Company, when necessary, may also subject the successor to external trainings to infuse fresh ideas and augment gaps in the required competencies to continually evolve and adapt to remain ahead of the strategic, market, technology and regulatory shifts.
- Successors shall possess a high level of integrity, competency and appropriate qualifications required for the role of the identified positions.
- The Corporate Governance Committee and the HRD shall be responsible in implementing the policy and evaluating gaps, and shall make recommendations to improve the succession planning process.

Monitoring and Review

The Board, through the Corporate Governance Committee, shall oversee the implementation of this policy. The Committee shall also conduct a review and propose changes from time to time or as needed, to ensure the adequacy of this policy.

A testament of SM Prime's succession framework is its President, Mr. Jeffrey Lim. Mr. Lim joined the Company in 1994 and was groomed to become a member of the Board and was appointed as President in October 2016. On another note, SM Prime's non-executive director, Mr. Jorge T. Mendiola started his career with The SM Store as a Special Assistant to the Senior Branch Manager in 1989 and rose to become the President in 2011.

Further, the Corporate Governance Committee uses a Board Matrix to ensure that the Board has an appropriate mix of directors to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. The Company's Board Matrix sets out the mix of attributes, skills, competencies and experience, affiliations the Board currently has and is looking for to complement its existing composition. Its structure reflects the areas relevant to the Company's strategic objectives, as well as other areas of general relevance to the composition of the Board.

Board Evaluation:

The Board, through the Corporate Governance Committee, facilitates the annual self-assessment of the performance of the Board as a whole, its Committees, the Board Chairman and individual directors.

Self-evaluation forms were provided to the directors. The evaluation covered the following criteria:

1. Collective Board rating – Includes among others, Board diversity; oversight on Company's policies and strategies relating to sustainability and alignment with economic, environmental, social and governance best practices; fostering of

- constructive and engaging debate and; fulfillment of duties and responsibilities as embodied in the Board charter.
2. Individual characteristics as a Board member – Specifies the qualifications and abilities a director shall possess; this includes among others, strategic vision, time availability, commitment, intellectual independence, ability to ask tough questions, contribution to the group, and continuous self-education and development
 3. Collective Board Committee rating – Includes among others, balanced participation of directors, ability to access information necessary to perform its functions, and fulfillment of its duties and responsibilities as embodied in their respective Committee charter
 4. Chairperson's role – Specifies the qualities and responsibilities of the Board and Committee Chairman
 5. President's role - Specifies the qualifications and abilities of the President which includes among others, determination of Company's strategic direction and formulate and implement its strategic plan on the direction of the business, oversee the operations of the Corporation and manage human and financial resources in accordance with the strategic plan, possesses good working knowledge of the Company's industry and market and keep up-to-date with its core business purpose etc.

Further, performance assessment is also conducted for SM Prime's Management Team composed of the Company President, CCO, CRO and CAE.

The Chairman of the Corporate Governance Committee, Board Risk Oversight Committee and Audit Committee evaluates the Company's CCO, CRO and CAE, respectively. On the other hand, the Board, through the Chairman of the Executive Committee, conducts an assessment for the performance of the Company President.

All evaluations are based on the duties and responsibilities of each concerned key officer as listed in the Revised Manual on Corporate Governance.

Every three years, the assessment is supported by an independent external facilitator in compliance with SEC's Code of Corporate Governance for Publicly-Listed Companies. In 2022, the Company engaged the services of Institute of Corporate Directors to assess the Board's Structure and Composition, Board member's understanding of their Responsibilities and Duties, Processes that support the Board's functions, and Dynamics of the Board. This was done through questionnaires with quantitative and qualitative questions accomplished by each member of the Board.

The following are the results of the evaluation as stated in its formal report:

Board Attributes:

- *SM Prime has a strong culture of compliance. Management ensures policies are deployed properly to the whole organization.*
- *The Board's Structure is well-defined and defined roles are observed in practice.*
- *Discussions are open on both committee and board level. Management executives are engaged in Board meetings.*
- *The Board value good governance and sustainability, which is always the underlying value for each report, policy, and program.*

The results of the assessment including the recommendations to further strengthen the Board's function were presented by the Corporate Governance (CG) Committee in its meeting last August 1, 2022. The CG Committee took the lead to address the action items and monitored its progress. Presently, the board evaluation being conducted by an external facilitator is underway for 2025. Results of the evaluation shall be presented to the Board thru the Corporate Governance Committee.

All SMPH directors are expected to exercise due discretion in accepting and holding directorships outside of the Company. The directors notify the Board prior to accepting directorship in another company. The following are directorships held by SMPH Directors and Executive Officers in other reporting companies, in the last five years:

Henry T. Sy, Jr.

Name of Corporation

Synergy Grid & Development Phils., Inc.
SM Investments Corporation

Position

Chairman of the Board
Vice Chairman

Amando M. Tetangco, Jr.

Name of Corporation

SM Investments Corporation
Belle Corporation (*until May 2024 only*)
Converge ICT Solutions, Inc.
Shell Pilipinas Corporation

Position

Chairman/Independent Director
Independent Director
Independent Director
Independent Director

J. Carlitos G. Cruz

Name of Corporation

Vivant Corporation
SP New Energy Corporation (*until December 2023 only*)

Position

Independent Director
Independent Director

Hans T. Sy

Name of Corporation

China Banking Corporation
SM Investments Corporation

Position

Chairman
Adviser to the Board

Herbert T. Sy

Name of Corporation

China Banking Corporation
SM Investments Corporation

Position

Director
Adviser to the Board

Jeffrey C. Lim

Name of Corporation

Concrete Aggregates Corporation

Position

Director

Elmer B. Serrano

Name of Corporation

Dominion Holdings, Inc. (*formerly BDO Leasing and Finance, Inc.*)
EEI Corporation
Benguet Corporation
Philippine Telegraph and Telephone Corporation

Position

Chairman

Director
Independent Director
Independent Director

Board Meetings and Attendance

Below are the meetings held and attended by each director for Year 2024.

Board of Directors	<i>February 1</i>	<i>February 19</i>	<i>April 23 (BOD)</i>	<i>April 23 (ASM)</i>	<i>April 23 (Organizational)</i>	<i>May 6</i>	<i>August 5</i>	<i>November 11</i>	<i>December 9</i>	<i>Percentage</i>
Henry T. Sy, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Amando M. Tetangco, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Atty. Darlene Marie B. Berberabe	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
J. Carlitos G. Cruz	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Hans T. Sy	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Herbert T. Sy	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Jorge T. Mendiola	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Jeffrey C. Lim	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%

Board Committees and Attendance

Audit Committee

Members	Designation	<i>February 19</i>	<i>May 6</i>	<i>August 5</i>	<i>November 11</i>	<i>Percentage</i>
Amando M. Tetangco, Jr.	Chairman (Independent Director)	✓	✓	✓	✓	100%
J. Carlitos G. Cruz	Member (Independent Director)	✓	✓	✓	✓	100%
Atty. Darlene Marie B. Berberabe	Member (Independent Director)	✓	✓	✓	✓	100%
Jorge T. Mendiola	Member	✓	✓	✓	✓	100%
Jose T. Sio	Adviser	✓	✓	✓	✓	100%

Corporate Governance Committee

Members	Designation	<i>February 19</i>	<i>May 6</i>	<i>August 5</i>	<i>November 11</i>	<i>Percentage</i>
Atty. Darlene Marie B. Berberabe	Chairman (Independent Director)	✓	✓	✓	✓	100%
Amando M. Tetangco, Jr.	Member (Independent Director)	✓	✓	✓	✓	100%
J. Carlitos G. Cruz	Member (Independent Director)	✓	✓	✓	✓	100%

Risk Oversight Committee

Members	Designation	<i>February 19</i>	<i>May 6</i>	<i>August 5</i>	<i>November 11</i>	<i>Percentage</i>
J. Carlitos G. Cruz	Chairman (Independent Director)	✓	✓	✓	✓	100%
Amando M. Tetangco, Jr.	Member (Independent Director)	✓	✓	✓	✓	100%
Jorge T. Mendiola	Member	✓	✓	✓	✓	100%
Jose T. Sio	Adviser	✓	✓	✓	✓	100%

Related Party Transactions Committee

Members	Designation	<i>February 19</i>	<i>Percentage</i>
Atty. Darlene Marie B. Berberabe	Chairman (Independent Director)	✓	100%
Amando M. Tetangco, Jr.	Member (Independent Director)	✓	100%
Jorge T. Mendiola	Member	✓	100%

Mr. Amando M. Tetangco, Jr. is the Company's Lead Independent Director.

Directors and Officers for 2025-2026

The Corporate Governance Committee, confirmed by the Board, pre-qualified the following nominees for election as directors for 2025-2026 at the forthcoming Annual Stockholders' Meeting:

HENRY T. SY, JR.	-	Chairman (Non-Executive Director)
AMANDO M. TETANGCO, JR.	-	Vice-Chairman (Lead Independent Director)
J. CARLITOS G. CRUZ	-	Independent Director
DARLENE MARIE B. BERBERABE	-	Independent Director
HANS T. SY	-	Non-Executive Director
HERBERT T. SY	-	Non-Executive Director
JORGE T. MENDIOLA	-	Non-Executive Director
JEFFREY C. LIM	-	Executive Director

Mr. Martin Jerald P. Juco, among others, nominated to the Board for inclusion in the Final List of Candidates for Directors the abovementioned stockholders. Mr. Juco is not related to the abovementioned nominees either by consanguinity or affinity.

The Company has complied with the Guidelines set forth by SRC Rule 38, as amended, regarding the Nomination and Election of Independent Directors. The same provision has been incorporated in the Amended By-laws of the Company.

The nominee Independent Directors have also each executed sworn *Certifications on Qualifications and Disqualification of Independent Directors*, copies of which are here attached as Annex.

No Director has resigned or declined to stand for re-election to the Board since the date of the last meeting because of disagreement with the Company on any matter relating to the Company's operations, policies or practices.

The list of nominees as officers for 2025-2026 will be presented at this year's organizational meeting of the Board of Directors:

Henry T. Sy, Jr.	Chairman
Amando M. Tetangco, Jr.	Vice Chairman and Lead Independent Director
Jeffrey C. Lim	President
John Nai Peng C. Ong	Chief Finance Officer/ Corporate Information Officer/ Chief Compliance Officer
Elmer B. Serrano	Corporate Secretary/Alternate Compliance Officer
Arthur A. Sy	Assistant Corporate Secretary/Alternate Corporate Information Officer
Marvin Perrin L. Pe	Chief Audit Executive
Joana B. Tiangco	Chief Risk Officer

Family Relationships

Ms. Teresita T. Sy, Ms. Elizabeth T. Sy, Mr. Henry T. Sy, Jr., Mr. Hans T. Sy, Mr. Herbert T. Sy and Mr. Harley T. Sy are sons and daughters of the late Mr. Henry Sy, Sr. All other directors and officers are not related to each other either by consanguinity or affinity.

Involvement in Legal Proceedings

Except as disclosed, the Company is not aware of any of the following events having occurred during the past five years up to the date of this report that are material to an evaluation of the ability or integrity of any director or any member of senior management of the Company:

- (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission (SEC) or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

ITEM 10. Compensation of Directors and Executive Officers

The following are the top highly compensated executive officers of the Company:

Name and Position

Jeffrey C. Lim
President

Steven T. Tan
President, Malls

Glenn D. Ang
President, SM Smart City Infrastructure and Development Corporation

Grace Evangeline M. Sta. Ana
Executive Vice President, Residential (Primary)

John Nai Peng C. Ong
Chief Finance Officer

Summary Compensation Table (In Million Pesos)

	Year	Salary	Bonus
President & 4 Most Highly Compensated Executive Officers	2025 (estimate)	197	32
	2024 (actual)	185	30
	2023 (actual)	174	29
All other officers* as a group unnamed	2025 (estimate)	528	89
	2024 (actual)	489	82
	2023 (actual)	443	74

*Managers & up

In 2024, incumbent directors of SMPH received the following amount of fees as compensation for their performance of duties and functions as members of the Board of Directors of the Company:

Board of Directors	Total Compensation per Director
Amando M. Tetangco, Jr. (Independent Director)	₱ 6,200,000
J. Carlitos G. Cruz (Independent Director)	₱ 5,100,000
Darlene Marie B. Berberabe (Independent Director)	₱ 4,900,000
Henry T. Sy, Jr.	₱ 120,000
Hans T. Sy	₱ 60,000
Herbert T. Sy	₱ 60,000
Jorge T. Mendiola	₱ 100,000
Jeffrey C. Lim	₱ 60,000

These fees include per diem received by the directors for their attendance in meetings of the Board.

The total amount of fees for 2024 allocated among directors does not exceed 10% of the total income of the Company before tax for 2024 in accordance with the Company's By-laws and relevant laws and regulations.

There are no outstanding warrants or options held by directors and officers of the Company. There are also no actions to be taken with regard to election, any compensatory plan, contract, or arrangement, any bonus or profit-sharing, change in pension/ retirement plan, granting of or extension of any options, warrants or rights to purchase any securities.

There are no other employees who are not Executive Officers who are expected by Company to make significant contribution to its business.

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners as of December 31, 2024

The following are the stockholders owning more than 5% of total outstanding common shares of stock of the Company as of December 31, 2024:

Title of Securities	Name and Address of Record Owner and Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount and Nature of Direct Record/ Beneficial Ownership ("r" or "b")	Percent of Class (%)
Common	SMIC ¹ One Ecom Center, Harbor Drive, Mall of Asia Complex, CBP- 1A, Pasay City	SMIC ²	Filipino	14,353,464,952 (b)	49.7017
-do-	PCD Nominee Corporation ³ (PCNC) ³ 37F Tower 1, The Enterprise Center, Ayala Ave., Makati City	PCD Participants ⁴	Filipino – 10.94% Non-Filipino – 23.50%	9,945,299,557 (r)	34.4375

^{1.} The following are the individuals holding the direct beneficial ownership of SMIC: Hans T. Sy - 8.59%, Herbert T. Sy - 8.11%, Harley T. Sy - 7.61%, Teresita T. Sy - 7.03%, Elizabeth T. Sy - 6.31%.

^{2.} Amando M. Tetangco, Jr. is the Chairman of SMIC and Teresita T. Sy and Henry Sy, Jr. are the Vice Chairpersons of SMIC and as the appointed proxies of SMIC, they have the power to vote the common shares of SMIC in SM Prime.

^{3.} PCNC holds legal title to shares lodged in the Philippine Depository & Trust Corp. (PDTC). Beneficial owners retain the power to decide on how their lodged shares are to be voted. There are no beneficial owners under PCNC which own more than 5% shares of stock of the Company.

^{4.} PCNC is not related to the Company. PCNC is a nominee company which holds legal title to shares lodged in PDTC.

Security Ownership of Management as of December 31, 2024

Title of Securities	Name of Beneficial Owner of Common Stock	Citizenship Filipino (F)	Amount and Nature of Beneficial Ownership (D) Direct (I) Indirect	Class of Securities Voting (V)	Percent of Class (%)
Common	Henry T. Sy, Jr.	F	291,611,915 (D&I)	V	1.0098
-do-	Hans T. Sy	F	682,393,701 (D&I)	V	2.3629
-do-	Teresita T. Sy	F	667,272,021 (D)	V	2.3106
-do-	Elizabeth T. Sy	F	667,166,537 (D)	V	2.3102
-do-	Herbert T. Sy	F	666,953,011 (D)	V	2.3095
-do-	Jorge T. Mendiola	F	863,320 (D)	V	0.0030
-do-	Jeffrey C. Lim	F	50,000 (D)	V	0.0002
-do-	Amando M. Tetangco, Jr.	F	1,000 (D)	V	0.0000
-do-	J Carlitos G. Cruz	F	100 (D)	V	0.0000
-do-	Darlene Marie B. Berberabe	F	100 (D)	V	0.0000
-do-	Joana B. Tiangco	F	3,600 (D)	V	0.0000
	All directors and executive officers as a group		2,976,311,705		10.3062

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of December 31, 2024.

There are no existing or planned stock warrant offerings by the Company. There are no arrangements which may result in a change in control of the Company.

ITEM 12. Certain Relationships and Related Transactions

The Company, in the regular course of trade or business, enters into transactions with affiliates/ related companies principally consisting of leasing agreements, management fees and cash placements. Generally, leasing and management agreements are renewed on an annual basis and are made at normal market prices. Outstanding balances at year-end are unsecured, noninterest-bearing and generally settled within 30 to 90 days. In addition, the Company also has outstanding borrowings/ placements from/ to related banks. There have been no guarantees/collaterals provided or received for any related party receivables or payables. For the year ended December 31, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In compliance with regulations of the SEC, specifically, SEC Memorandum Circular No. 10, series of 2019 (Rules on Material Related Party Transactions for Publicly-Listed Companies), SMPH has adopted a *Revised Related Party Transactions Policy* which incorporated rules on material related party transactions of the Company. A copy of the Policy is available in the Company's website. The Policy mainly provides that the Company's Board of Directors shall ensure that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulation to protect the interests of the Company's shareholders and other stakeholders. All material individual related party transactions are referred to the CRO for review and endorsement to Related Party Committee prior to approval by at least two-thirds (2/3) vote of the Board of Directors with at least a majority of the independent directors approving the transaction.

Please refer to Note 19 of the attached 2024 audited consolidated financial statements of the Company for the description of related party transactions of SMPH. These are non-material transactions and arrangements in the ordinary course of business and include lease agreements for office and commercial spaces with related companies such as SM Retail, BDO Unibank and China Bank, among others, the provision of manpower and other services to affiliates, as well as treasury transactions (e.g. maintenance of depository accounts, cash placements and loan availments in the ordinary course of business with BDO Unibank and China Bank) which are all on an arms' length basis in accordance with the Company's *Revised Related Party Transactions Policy* and priced based on prevailing market rates.

There are no other transactions undertaken or to be undertaken by the Company in which any director or executive officer, nominee for election as director, or any member of their immediate family was or will be involved or had or will have a direct or indirect material interest. There are likewise no material related party transactions undertaken or to be undertaken by the Company.

There are no third parties (not related parties) with whom the Company or its related parties have a relationship that enable the parties to negotiate terms of material transactions that may not be available from other, more clearly independent, parties on an arm's length basis.

PART IV - CORPORATE GOVERNANCE

ITEM 13. Corporate Governance

A significant contributor to the Company's continued success is the commitment of its directors, officers and employees to foster a culture of fairness, integrity, accountability and transparency at all levels within the organization. In 2024, the Board of Directors approved the amendments to SM Prime's Articles of Incorporation and By-Laws to align with latest laws and regulations and corporate governance best practices. The amendments to the By-laws were approved through delegated authority granted by the shareholders to the Board of Directors and the amendments to the Articles of Incorporation was ratified by shareholders during the 2024 Annual Stockholders' Meeting. This complements the Company's Revised Manual on Corporate Governance (Manual), where various initiatives are aligned with the best practices as contained in the Manual. There have been no deviations from the Manual since it was adopted. The Company certifies that its directors, officers and employees have adopted and fully complied with all leading practices and principles of good corporate governance as provided by the Manual. The Company is fully compliant with the Manual and thus, does not have any deviation from the said Manual.

On November 7, 2022, the Board approved the update of the Manual to add *Board and Committees' Charters oversight responsibilities* relative to the Company's sustainability and Anti-Money Laundering and Countering Terrorism Financing policies and strategies, among others. Additional clauses on promotion of shareholder's rights, strengthening the external auditor's independence and permanent disqualifications of directors were also incorporated.

The Manual institutionalizes the principles of good corporate governance. It recognizes that adherence with the principles of good corporate governance should emanate from the Board of Directors. To this end, a director must act in a manner characterized by transparency, accountability and fairness. The Manual describes the general responsibilities and specific duties and functions of the Board, as well as those of the Board Committees, Corporate Secretary, and external and internal auditors. To effectively perform the Board's duties, the Company ensures that board meetings are scheduled before the start of the financial year and board papers for board of directors' meetings are provided at least five working days in advance of the board meeting, provided such matter does not require approval or consent of stockholders.

The Board is also assisted by a Corporate Secretary, who is not a member of the Board of Directors, to ensure the effective discharge of its duties and responsibilities. The Corporate Secretary assists the Chairs of the Board and its Committees in the preparation of agenda for Board meetings, puts the Board on notice before every meeting and assists the Board in making business judgments in good faith. The Corporate Secretary gathers and analyzes documents, records, and other information, including updates and changes to relevant rules, laws, and regulations, and keeps the Board abreast on matters essential to the conduct of their duties and responsibilities.

Further, the Company's By-laws states the Board of Directors corporate powers in the conduct of all businesses and control of the corporation's properties. This includes, among others, (1) to make or change rules and regulations not inconsistent with the Company By-Laws for the management of the corporation, (2) to incur indebtedness as the Board may deem necessary, and (3) to implement the By-laws and to act on any matter not covered by these By-laws, provided such matter does not require approval or consent of stockholders. The Company's revised By-laws also states that at least two-thirds of number of directors specified in the Articles of Incorporation shall constitute a quorum for the transaction of business at any meeting, and the act of the directors at any meeting where there is a quorum shall be valid as a corporate act.

The Revised Manual on Corporate Governance also asserts the rights of stockholders and protection of minority interests. It is the duty of directors to promote stockholder rights, remove impediments to the exercise of these rights and allow possibilities for stockholders to seek redress for violation of their rights.

Rights of Shareholders

Voting Right - All stockholders are entitled to one (1) share, one (1) vote except in the election of directors where the cumulative voting system is followed. Stockholders, whether individual or institutional, through their representative, are encouraged to personally attend the Annual Stockholders' Meeting to exercise their voting right, thereby allowing them to individually elect candidates to the Board of Directors and vote on matters requiring stockholder approval. Nevertheless, proxy voting is permitted and is facilitated through proxy forms available in our Company's website and distributed to stockholders along with the Notice of Meeting. When so authorized by the Board, stockholders may also vote through remote communication or *in absentia*. The Company shall ensure that there are clear guidelines for participation, appropriate requirements and procedures for *in absentia* voting by stockholders.

Inspection Right and Access to Information - All stockholders are given the right to inspect corporate books and records, including but not limited to the minutes of Board meetings and stock registries at reasonable hours on business days in accordance with Revised Corporation Code of the Philippines and be furnished with copies of our Company's Annual Report and financial statements, without cost or restrictions. Stockholders may also request the Company to provide periodic reports about its Directors and officers, as well as matters for which Management is accountable. Moreover, minority shareholders are granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

Right to Dividend - The Board determines the dividend payout taking into consideration the Company's operating results, cash flows, capital investment needs and debt servicing requirements. The Company's dividend guideline is to declare annual cash dividends equivalent to 30%-35% of prior year earnings and will endeavor to continue doing so while ensuring financial flexibility. Dividends shall be paid within thirty (30) days from the date of declaration.

Appraisal Right - Stockholders may exercise their appraisal right or the right to dissent and demand payment of the fair value of their shares pursuant to Section 80 of the Revised Corporation Code of the Philippines. Procedures for the exercise of this right are provided in the Definitive Information Statement.

Apart from above mentioned rights, corporate acts such as amendments to the Company's constitution, authorization of additional shares, and the transfer of all or substantially all assets, which in effect results in the sale of the Company, shall also be approved by the vote of stockholders owning at least two-thirds of the capital stock issued and outstanding of the Company. The agenda enclosed in the Notice of Annual Stockholders' Meeting would include such corporate acts for the consideration and approval of the stockholders.

SM Prime is also committed to providing its stockholders and the public, timely and accurate information about the Company and its business. In accordance with this, SM Prime regularly updates its website and practices full and prompt disclosure of all material information. The Company has also identified its key stakeholder groups and engagement channels to provide interactive communication regarding material and non-material matters relevant to its business objectives such as sustainability, social, and economic, among others.

Moreover, the Investor Relations Department is tasked with a program of proactive, uniform and appropriate communication through full disclosure in compliance with the regulatory bodies and serves as the main avenue of communication between the Company and its various stakeholders.

The Investor Relations Department of the Company may be contacted through:

Alexander Pomento

Vice President, Investor Relations

7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10,

CBP 1-A, Pasay City, Metro Manila, Philippines

T: (632) 8831-1000

E: info@smprime.com

The Company stockholders also have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors. The Company complies with Sec.29 of the Revised Corporation Code of the Philippines, which states that compensation other than per diems may be granted to directors by the vote of the stockholders representing at least a majority of the outstanding capital stock.

During the Annual Stockholders' Meeting, the stockholders ratify all acts of the Board and Management, including those pertaining to Board remuneration.

To operationalize the Manual and to continuously strengthen the Company's corporate governance culture, various efforts were done, which include, among others, (1) creation of policies, (2) conduct of classroom trainings and (3) cascade of e-Learning courses and email blasts relating to corporate governance matters.

The Company also adopted policies and guidelines to govern conflicts of interest, acceptance of gifts, insider trading and related party transactions, to name a few. In accordance with the Conflict of Interest Policy, all directors, officers and employees are required to disclose any financial or personal interest or benefit in any transaction involving the Company to ensure that potential conflicts of interest are immediately brought to the attention of Management. Further, a director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same.

The Company also issued a policy to prohibit its directors, officers and employees from soliciting or accepting gifts in any form from any business partner, except for corporate giveaways, tokens or promotional items of nominal value, and adopted guidelines to prohibit its directors, officers and employees from buying or selling shares of stock of listed SM companies while in possession of material and confidential information. Furthermore, through the Related Party Transactions Policy, the Company is committed to transparency by practicing full disclosure of the details, nature, extent, and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports to the SEC and PSE. It is the Company's Related Party Transactions Committee who independently reviews and endorses all related party transactions such that these transactions are dealt on terms no less favorable to the company than those generally available to an unaffiliated third party under the same or similar circumstances. These rules supplement the existing corporate governance policies in the Manual on Corporate Governance and Code of Ethics.

Furthermore, the HRD orientation program gives new employees an overview of the various components of SM Prime's Corporate Governance Framework, the Code of Ethics and related policies which are also contained in an internal portal for employees' easy access and reference. It also covers the importance of ethics in the business, informs employees of their rights and obligations, as well as the principles and best practices in the promotion of good work ethics. Relative to this, the HRD, on an annual basis, requires all employees to take the 3-part Corporate Governance program. This specifically includes the following:

- Confirmation – to confirm that employees have read and understood and agrees to comply with our Company’s Code of Ethics, Code of Conduct and Matrix of Violations, Insider Trading Policy, Conflict of Interest Policy, Code of Conduct and Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), Information Security Guidelines, among others.
- Handling Conflict of Interest Situations (E-Learning Course) – to be familiarized with the proper disposition of actual or perceived Conflict of Interest situations.
- Disclosure Survey – to disclose each employees’ affiliations, interests, relationships, and/or transactions which are relevant for full disclosure of all actual, apparent or possible conflicts of interest.

The Integrated Annual Corporate Governance Report (I-ACGR) highlights the Company’s corporate governance practices and provides detailed information on SM Prime’s Board of Directors, Management, policies and programs. This is publicly available in the corporate website.

For governance related issues or concerns, stakeholders may refer to:

Joana B. Tiangco

Assistant Vice President – Enterprise Risk Management and Corporate Governance

7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10,

CBP 1-A, Pasay City, Metro Manila, Philippines

T: (632) 8831-1000

E: corpgovernance@smprime.com

PART V - EXHIBITS AND SCHEDULES

ITEM 14. Exhibits and Schedules

(a) Exhibits - See accompanying Index to Exhibits

(b) Reports on SEC Form 17-C

Reports on Form 17-C (Current Report) have been filed during 2024.

(c.) Integrated Report - See accompanying Report

INDEX TO EXHIBITS

Form 17-A

<u>No.</u>		<u>Page No.</u>
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13)	Letter re Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant <i>(Please refer to Note 2 of the accompanying Notes to the Audited Consolidated Financial Statements for details)</i>	
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(22)	Additional Exhibits	*

* These Exhibits are either not applicable to the Company or require no answer.

SM PRIME HOLDINGS, INC.
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AND SUPPLEMENTARY SCHEDULES

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** These schedules have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company’s audited consolidated financial statements or the notes to audited consolidated financial statements.*

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Statement of Management's Responsibility for Financial Statements

The management of SM Prime Holdings, Inc. and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

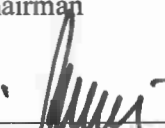
In preparing the consolidated financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

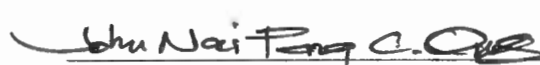
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of SM Prime Holdings, Inc. and Subsidiaries in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Henry T. Sy, Jr.
Chairman

Jeffrey C. Lim
President

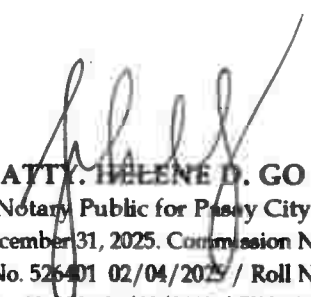
John Nai Peng C. Ong
Chief Finance Officer

Signed this 17th of February, 2025

SUBSCRIBED AND SWORN to before me this FEB 17 2025 at PASAY CITY,
affiants exhibiting to me their Philippine passports, as follows:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
HENRY T. SY, JR.			
JEFFREY C. LIM			
JOHN NAI PENG C. ONG			

Doc. No. 182 ;
Page No. 38 ;
Book No. II ;
Series of 2025


ATTY. HELENE D. GO
Notary Public for Pasay City
Until December 31, 2025. Commission No. 24-50
IBP OR No. 526401 02/04/2025 / Roll No. 55874
PTR OR No. 884931 01/08/2025 / TIN# 284-270-554
MCLE Compliance No. VII-0017244 valid until April 14, 2025

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, Pasay City
Metro Manila, Philippines

Opinion

We have audited the consolidated financial statements of SM Prime Holdings, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue and Cost Recognition

The Company's real estate revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the output method as the measure of progress in determining revenue from sale of real estate; (4) determination of the actual costs incurred as cost of real estate sold; and (5) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Company considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of the outstanding receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Company considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Company uses the output method. This method measures progress of work based on physical proportion of work done, including the impact of customized uninstalled materials, on the real estate project which requires technical determination by the Company's project engineers. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers.

In determining the actual costs incurred to be recognized as cost of real estate sold, the Company estimates costs incurred on materials, labor and overhead which include costs that were incurred but not yet billed by the contractor.

The Company identifies sales commissions after contract inception as cost of obtaining a contract. For contracts which qualified for revenue recognition, the related sales commissions are amortized consistent with the revenue recognition.

The disclosures related to the Company's revenue recognition are included in Note 3 to the consolidated financial statements.

Audit Response

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as notice of sales cancellation.



For the determination of the transaction price of real estate sale, we obtained an understanding of the Company's process in the determination of the population of contracts with customers related to real estate sale and election of available practical expedient. We obtained the financing component calculation of management which includes an analysis whether the financing component of the Company's contract with customers is significant. We selected sample contracts from the sales contract database and traced these selected contracts to the calculation prepared by management. For these selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as the contract price, cash discount, payment scheme, payment amortization table, and percentage of completion to the contract provision and projected percentage of completion schedule. We evaluated the Company's application of portfolio approach in the financing component calculation by understanding the rationale and basis of the parameters used (i.e., grouping of performance obligation based on percentage of completion, grouping of contracts based on payment scheme). We test computed the financing component of each portfolio as prepared by management.

For the application of the output method in determining revenue from sale of real estate, we obtained an understanding of the Company's processes for determining the percentage of completion (POC) and performed tests of the relevant controls. We inspected the certified POC reports prepared by the third-party project managers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

For the cost of real estate sold, we obtained an understanding of the Company's cost accumulation process and performed test of controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as contractors billing invoices, certificates of progress acceptance, official receipts and accomplishment reports, among others.

For the cost to obtain a contract, we selected sample contracts and agreed the basis for calculating the sales commissions, particularly (a) the percentage of commissions due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from sale of real estate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

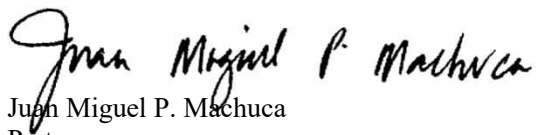
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Juan Miguel P. Machuca.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-140-2024, February 28, 2024, valid until February 27, 2027

PTR No. 10465328, January 2, 2025, Makati City

February 17, 2025



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19, 26 and 27)	₱31,246,171	₱31,816,802
Receivables and contract assets (Notes 7, 14, 19, 26 and 27)	92,506,904	76,952,202
Real estate inventories (Note 8)	76,927,527	77,886,781
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 9, 26 and 27)	794,433	747,840
Derivative assets (Notes 26 and 27)	780,087	2,247,073
Prepaid expenses and other current assets (Note 10)	28,426,708	27,804,930
Total Current Assets	230,681,830	217,455,628
Noncurrent Assets		
Equity instruments at FVOCI - net of current portion (Notes 9, 19, 26 and 27)	20,392,800	19,570,212
Investment properties (Notes 12, 17, 25 and 27)	601,339,921	545,074,746
Investments in associates and joint ventures (Note 13)	33,108,359	32,431,195
Property and equipment (Note 11)	1,493,295	1,554,990
Deferred tax assets - net (Note 24)	1,634,307	1,492,359
Derivative assets - net of current portion (Notes 26 and 27)	3,990,740	3,276,971
Other noncurrent assets (Notes 7, 14, 19, 23, 26 and 27)	126,789,478	122,471,474
Total Noncurrent Assets	788,748,900	725,871,947
	₱1,019,430,730	₱943,327,575
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 15, 19, 26 and 27)	₱17,312,356	₱4,288,964
Accounts payable and other current liabilities (Notes 16, 19, 26 and 27)	103,788,961	99,084,851
Current portion of long-term debt (Notes 17, 19, 26 and 27)	89,287,442	67,746,351
Income tax payable	1,606,324	1,295,842
Total Current Liabilities	211,995,083	172,416,008
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17, 19, 26 and 27)	283,320,341	294,622,256
Tenants' and customers' deposits - net of current portion (Notes 16, 25, 26 and 27)	30,528,879	25,301,504
Deferred tax liabilities - net (Note 24)	13,923,287	12,458,096
Derivative liabilities - net of current portion (Notes 26 and 27)	50,447	265,013
Other noncurrent liabilities (Notes 16, 23, 26 and 27)	43,372,203	39,377,662
Total Noncurrent Liabilities	371,195,157	372,024,531
Total Liabilities	583,190,240	544,440,539

(Forward)



	December 31	
	2024	2023
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 18 and 28)	₱33,166,300	₱33,166,300
Additional paid-in capital - net (Notes 5 and 18)	38,164,173	38,159,900
Cumulative translation adjustment	3,135,756	2,556,139
Net fair value changes of equity instruments at FVOCI (Note 9)	17,807,766	16,938,503
Net fair value changes on cash flow hedges (Note 27)	604,031	1,079,094
Remeasurement loss on defined benefit obligation - net (Note 23)	(792,229)	(1,062,437)
Retained earnings (Note 18):		
Appropriated	100,000,000	42,200,000
Unappropriated	243,991,970	266,143,815
Treasury stock (Notes 18 and 28)	(2,984,695)	(2,984,695)
Total Equity Attributable to Equity Holders of the Parent	433,093,072	396,196,619
Non-controlling Interests	3,147,418	2,690,417
Total Equity	436,240,490	398,887,036
	₱1,019,430,730	₱943,327,575

See accompanying Notes to Consolidated Financial Statements.



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Data)

	Years Ended December 31		
	2024	2023	2022
REVENUE			
Rent (Notes 12, 19 and 25)	₱78,673,921	₱72,113,957	₱58,243,913
Real estate sales	45,904,595	42,040,409	39,046,514
Others (Notes 19 and 20)	15,812,356	13,943,175	8,495,208
	140,390,872	128,097,541	105,785,635
COSTS AND EXPENSES (Notes 19, 21 and 23)	72,353,754	66,818,300	56,542,322
INCOME FROM OPERATIONS	68,037,118	61,279,241	49,243,313
OTHER INCOME (CHARGES)			
Interest expense (Notes 7, 15, 17, 19, 22, 26 and 27)	(13,934,024)	(13,963,271)	(11,465,787)
Interest and dividend income (Notes 6, 7, 9, 14, 19 and 22)	2,228,723	2,185,156	1,775,740
Others - net (Notes 11, 12, 13, 16 and 17)	510,648	338,693	(839,262)
	(11,194,653)	(11,439,422)	(10,529,309)
INCOME BEFORE INCOME TAX	56,842,465	49,839,819	38,714,004
PROVISION FOR INCOME TAX (Note 24)			
Current	9,034,395	8,211,259	6,783,913
Deferred	1,268,634	764,715	1,186,962
	10,303,029	8,975,974	7,970,875
NET INCOME	₱46,539,436	₱40,863,845	₱30,743,129
Attributable to:			
Equity holders of the Parent (Notes 18 and 28)	₱45,631,764	₱40,010,501	₱30,099,799
Non-controlling interests (Note 18)	907,672	853,344	643,330
	₱46,539,436	₱40,863,845	₱30,743,129
Basic/Diluted earnings per share (Note 28)	₱1.581	₱1.387	₱1.043
Dividend per share (Note 18)	₱0.346	₱0.237	₱0.097

See accompanying Notes to Consolidated Financial Statements.



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
NET INCOME	₱46,539,436	₱40,863,845	₱30,743,129
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) due to changes in fair value of financial assets at fair value through other comprehensive income (Note 9)	869,974	2,705,989	(475,854)
Remeasurement gain (loss) on defined benefit obligation (Note 23) - net	272,552	(134,611)	(383,448)
	1,142,526	2,571,378	(859,302)
Items that may be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment	579,617	(879,032)	351,987
Net fair value changes on cash flow hedges (Note 27)	(475,063)	(1,905,511)	3,417,488
	1,247,080	(213,165)	2,910,173
TOTAL COMPREHENSIVE INCOME	₱47,786,516	₱40,650,680	₱33,653,302
Attributable to:			
Equity holders of the Parent (Note 18)	₱46,876,500	₱39,798,392	₱33,013,181
Non-controlling interests	910,016	852,288	640,121
	₱47,786,516	₱40,650,680	₱33,653,302

See accompanying Notes to Consolidated Financial Statements.



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Notes 18 and 28)	Additional Paid-in Capital - Net (Notes 5 and 18)	Cumulative Translation Adjustment	Net fair value changes of equity instruments at fair value through other comprehensive income (FVOCI) (Note 9)	Net Fair Value Changes on Cash Flow Hedges	Remeasurement Gain (Loss) on Defined Benefit Obligation - net (Note 23)	Retained Earnings (Note 18)		Treasury Stock (Notes 18 and 28)	Total	Non-controlling Interests (Note 18)	Total Equity
							Appropriated	Unappropriated				
At January 1, 2024	₱33,166,300	₱38,159,900	₱2,556,139	₱16,938,503	₱1,079,094	(₱1,062,437)	₱42,200,000	₱266,143,815	(₱2,984,695)	₱396,196,619	₱2,690,417	₱398,887,036
Net income for the year	—	—	—	—	—	—	—	45,631,764	—	45,631,764	907,672	46,539,436
Other comprehensive income (loss)	—	—	579,617	869,974	(475,063)	270,208	—	—	—	1,244,736	2,344	1,247,080
Total comprehensive income (loss) for the year	—	—	579,617	869,974	(475,063)	270,208	—	45,631,764	—	46,876,500	910,016	47,786,516
Cash dividends (Note 18)	—	—	—	—	—	—	—	(9,992,214)	—	(9,992,214)	—	(9,992,214)
Cash dividends received by a subsidiary (Note 18)	—	—	—	—	—	—	—	7,894	—	7,894	—	7,894
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	(454,430)	(454,430)
Net fair value changes of equity instruments at FVOCI reclassified to retained earnings	—	—	—	(711)	—	—	—	711	—	—	—	—
Reversal of appropriation	—	—	—	—	—	—	(42,200,000)	42,200,000	—	—	—	—
Appropriation during the year	—	—	—	—	—	—	100,000,000	(100,000,000)	—	—	—	—
Sale of non-controlling interest (Note 18)	—	4,273	—	—	—	—	—	—	—	4,273	1,415	5,688
At December 31, 2024	₱33,166,300	₱38,164,173	₱3,135,756	₱17,807,766	₱604,031	(₱792,229)	₱100,000,000	₱243,991,970	(₱2,984,695)	₱433,093,072	₱3,147,418	₱436,240,490
At January 1, 2023	₱33,166,300	₱38,124,193	₱3,435,171	₱14,232,514	₱2,984,605	(₱928,882)	₱42,200,000	₱232,972,284	(₱2,984,695)	₱363,201,490	₱1,950,116	₱365,151,606
Net income for the year	—	—	—	—	—	—	—	40,010,501	—	40,010,501	853,344	40,863,845
Other comprehensive income (loss)	—	—	(879,032)	2,705,989	(1,905,511)	(133,555)	—	—	—	(212,109)	(1,056)	(213,165)
Total comprehensive income (loss) for the year	—	—	(879,032)	2,705,989	(1,905,511)	(133,555)	—	40,010,501	—	39,798,392	852,288	40,650,680
Cash dividends (Note 18)	—	—	—	—	—	—	—	(6,844,378)	—	(6,844,378)	—	(6,844,378)
Cash dividends received by a subsidiary (Note 18)	—	—	—	—	—	—	—	5,408	—	5,408	—	5,408
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	(324,450)	(324,450)
Additional investment of non-controlling interest (Note 2)	—	—	—	—	—	—	—	—	—	—	201,000	201,000
Sale of non-controlling interest (Note 18)	—	35,707	—	—	—	—	—	—	—	35,707	11,463	47,170
At December 31, 2023	₱33,166,300	₱38,159,900	₱2,556,139	₱16,938,503	₱1,079,094	(₱1,062,437)	₱42,200,000	₱266,143,815	(₱2,984,695)	₱396,196,619	₱2,690,417	₱398,887,036



	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Notes 18 and 28)	Additional Paid-in Capital - Net (Notes 5 and 18)	Cumulative Translation Adjustment	Net fair value changes of equity instruments at FVOCI (Note 9)	Net Fair Value Changes on Cash Flow Hedges	Remeasurement Gain (Loss) on Defined Benefit Obligation - net (Note 23)	Retained Earnings (Note 18)		Treasury Stock (Notes 18 and 28)	Total	Non-controlling Interests (Note 18)	Total Equity
							Appropriated	Unappropriated				
At January 1, 2022, as previously presented	₱33,166,300	₱38,056,016	₱3,083,184	₱14,708,368	(₱432,883)	(₱548,643)	₱42,200,000	₱205,671,557	(₱2,984,695)	₱332,919,204	₱1,441,569	₱334,360,773
Effect of common control business combination (Note 5)	—	44,330	—	—	—	—	—	—	—	44,330	3,277	47,607
At January 1, 2022, as adjusted	33,166,300	38,100,346	3,083,184	14,708,368	(432,883)	(548,643)	42,200,000	205,671,557	(2,984,695)	332,963,534	1,444,846	334,408,380
Net income for the year	—	—	—	—	—	—	—	30,099,799	—	30,099,799	643,330	30,743,129
Other comprehensive income (loss)	—	—	351,987	(475,854)	3,417,488	(380,239)	—	—	—	2,913,382	(3,209)	2,910,173
Total comprehensive income (loss) for the year	—	—	351,987	(475,854)	3,417,488	(380,239)	—	30,099,799	—	33,013,181	640,121	33,653,302
Cash dividends (Note 18)	—	—	—	—	—	—	—	(2,801,286)	—	(2,801,286)	—	(2,801,286)
Cash dividends received by a subsidiary (Note 18)	—	—	—	—	—	—	—	2,214	—	2,214	—	2,214
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	(144,050)	(144,050)
Sale of non-controlling interest (Note 18)	—	23,847	—	—	—	—	—	—	—	23,847	9,199	33,046
At December 31, 2022	₱33,166,300	₱38,124,193	₱3,435,171	₱14,232,514	₱2,984,605	(₱928,882)	₱42,200,000	₱232,972,284	(₱2,984,695)	₱363,201,490	₱1,950,116	₱365,151,606

See accompanying Notes to Consolidated Financial Statements.



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱56,842,465	₱49,839,819	₱38,714,004
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 21 and 25)	15,037,788	13,656,773	12,487,763
Interest expense (Notes 7, 15, 17, 19 and 22)	13,934,024	13,963,271	11,465,787
Interest and dividend income (Notes 6, 7, 9, 14, 19 and 22)	(2,228,723)	(2,185,156)	(1,775,740)
Equity in net earnings of associates and joint ventures (Note 13)	(2,043,010)	(2,162,611)	(1,720,116)
Loss (gain) on:			
Disposals of investment properties and retirement of property and equipment (Notes 11 and 12)	(24,556)	148,140	105,701
Unrealized foreign exchange and fair value changes on derivatives - net	417,027	76,370	826,854
Operating income before working capital changes	81,935,015	73,336,606	60,104,253
Decrease (increase) in:			
Receivables and contract assets	(23,886,248)	(16,337,056)	(8,760,236)
Real estate inventories	1,117,977	(5,437,721)	(12,462,748)
Prepaid expenses and other current assets	(1,684,842)	(2,068,144)	(762,618)
Increase in:			
Accounts payable and other liabilities	13,338,858	19,253,318	1,830,216
Tenants' and customers' deposits	5,194,630	1,573,478	2,328,183
Cash generated from operations	76,015,390	70,320,481	42,277,050
Income tax paid	(8,726,437)	(7,665,012)	(6,583,777)
Net cash provided by operating activities	67,288,953	62,655,469	35,693,273
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,595,754	1,922,233	1,197,311
Dividends received from investments at FVOCI and in associates and joint ventures	1,960,828	724,446	596,672
Proceeds from disposal of investment properties (Note 12)	464,443	90,067	85,767
Additions to:			
Investment properties (Note 12)	(69,571,345)	(63,772,055)	(38,766,369)
Property and equipment (Note 11)	(154,288)	(341,106)	(198,012)
Decrease (increase) in other noncurrent assets	1,150,456	(5,338,058)	(15,159,670)
Net cash used in investing activities	(64,554,152)	(66,714,473)	(52,244,301)

(Forward)



	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of bank loans and long-term debt (Notes 15 and 17)	₱165,601,237	₱111,562,913	₱94,325,945
Payments of:			
Long-term debt (Note 17)	(72,198,246)	(66,701,374)	(43,863,022)
Loans payable (Note 15)	(73,673,067)	(29,563,823)	(19,994,859)
Interest	(14,086,273)	(13,782,271)	(11,029,498)
Dividends (Note 18)	(10,438,750)	(7,163,420)	(2,943,122)
Lease liabilities (Note 16)	(897,760)	(874,140)	(844,353)
Proceeds from matured derivatives - net	2,396,042	294,800	3,274,591
Net cash provided by (used in) financing activities	(3,296,817)	(6,227,315)	18,925,682
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(8,615)	43,039	(90,424)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(570,631)	(10,243,280)	2,284,230
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,816,802	42,060,082	39,775,852
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱31,246,171	₱31,816,802	₱42,060,082

See accompanying Notes to Consolidated Financial Statements.



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

SM Prime Holdings, Inc. (SMPH or the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on January 6, 1994. SMPH and its subsidiaries (collectively known as the “Company”) are incorporated to acquire by purchase, exchange, assignment, gift or otherwise, and to own, use, improve, subdivide, operate, enjoy, sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, traffic, deal in and hold for investment or otherwise, including but not limited to real estate and the right to receive, collect and dispose of, any and all rentals, dividends, interest and income derived therefrom; the right to vote on any proprietary or other interest on any shares of stock, and upon any bonds, debentures, or other securities; and the right to develop, conduct, operate and maintain modernized commercial shopping centers and all the businesses appurtenant thereto, such as but not limited to the conduct, operation and maintenance of shopping center spaces for rent, amusement centers, movie or cinema theatres within the compound or premises of the shopping centers, to construct, erect, manage and administer buildings such as condominium, apartments, hotels, restaurants, stores or other structures for mixed use purposes.

SMPH’s shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

The Company’s ultimate parent company is SM Investments Corporation (SMIC). SMIC is a Philippine corporation whose common shares is listed with the PSE in 2005. SMIC and all its subsidiaries are herein referred to as the “SM Group”.

The registered office and principal place of business of the Parent Company is at 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines.

The accompanying consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on February 17, 2025.

2. Basis of Preparation

The accompanying consolidated financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments which have been 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 (PFRS) Accounting Standards. All values are rounded to the nearest thousand peso, except when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption.



Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with PFRS Accounting Standards.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

Company	Country of Incorporation	Percentage of Ownership	
		2024	2023
<i>Malls</i>			
A. Canicosa Holdings, Inc.	Philippines	100.0	100.0
AD Canicosa Properties, Inc.	- do -	100.0	100.0
Associated Development Corporation	- do -	100.0	100.0
Britannia Trading Corp. and Subsidiaries (BTC)	- do -	100.0	100.0
CHAS Realty and Development Corporation and Subsidiaries	- do -	100.0	100.0
Cherry Realty Development Corporation	- do -	100.0	100.0
Consolidated Prime Dev. Corp.	- do -	100.0	100.0
Magenta Legacy, Inc.	- do -	100.0	100.0
Premier Central, Inc. and Subsidiary	- do -	100.0	100.0
Premier Southern Corp.	- do -	100.0	100.0
Prime Metroestate, Inc. and Subsidiary	- do -	100.0	100.0
Prime Commercial Property Management Corp. and Subsidiaries	- do -	100.0	100.0
Rushmore Holdings, Inc.	- do -	100.0	100.0
San Lazaro Holdings Corporation	- do -	100.0	100.0
Simply Prestige Limited and Subsidiaries	British Virgin Islands (BVI)	100.0	100.0
SM Arena Complex Corporation	Philippines	100.0	100.0
SM Land (China) Limited and Subsidiaries	Hong Kong	100.0	100.0
Southernpoint Properties Corp.	Philippines	100.0	100.0
Springfield Global Enterprises Limited	BVI	100.0	100.0
Supermalls Transport Services, Inc.	Philippines	100.0	100.0
First Asia Realty Development Corporation	- do -	74.2	74.2
Mindpro, Incorporated*	- do -	70.0	70.0
First Leisure Ventures Group Inc. (FLVGI)	- do -	50.0	50.0
<i>Residential</i>			
SM Development Corporation and Subsidiaries (SMDC)	- do -	100.0	100.0
Costa del Hamilo, Inc. and Subsidiary	- do -	100.0	100.0
Highlands Prime Inc. and Subsidiary	- do -	100.0	100.0
<i>Hotels and Convention Centers</i>			
SM Hotels and Conventions Corp. and Subsidiaries	- do -	100.0	100.0
<i>Commercial, Integrated Property Developments and Others</i>			
MOA Esplanade Port, Inc.	- do -	100.0	100.0
Premier Clark Complex, Inc.	- do -	100.0	100.0
SM Smart City Infrastructure and Development Corporation	- do -	100.0	100.0
Tagaytay Resort Development Corporation	- do -	100.0	100.0
SM GUUN Environmental Company, Inc.**	- do -	70.0	—
SMPHI SG Holdings Pte. Ltd.***	Singapore	100.0	—

*In 2023, the Parent Company and non-controlling interest infused additional investments without change in their ownership interest.

**In 2024, SM GUUN Environmental Company, Inc. was incorporated to be engaged in recycling and repurposing waste of any kind.

***In 2024, the Parent Company incorporated SMPHI SG Holdings Pte. Ltd as an investing and financing company.



FLVGI is accounted for as a subsidiary by virtue of control, as evidenced by the majority members of the BOD representing the Parent Company.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated statements of income and within equity section in the consolidated balance sheets, separately from equity attributable to equity holders of the parent.

Material Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these estimates and assumptions could result in outcomes that require an adjustment to the carrying amount of the affected asset or liability in the future period.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most material effect on the amounts recognized in the consolidated financial statements.

Existence of a Contract. The Company's primary document for a contract with a customer is a signed contract to sell or the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, which would contain all the criteria to qualify as contract with the customer under PFRS 15 *Revenue from Contracts with Customers*.

In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the buyer's initial payments in relation to the total contract price.

Revenue Recognition Method and Measure of Progress. The Company concluded that revenue from sale of real estate is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The cost to obtain a contract (e.g., commission) is determined using the percentage of completion.

The Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development, which include customized uninstalled materials, to the customers. The Company determined that in the case of customized materials, the Company is not just providing a simple procurement service to the customer as it is significantly involved in the design and details of the manufacture of the materials.



Determining Transaction Price of Sale of Real Estate. The Company determines whether a contract contains a significant financing component using portfolio approach by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate (EIR). The Company applied practical expedient by not adjusting the effect of financing component when the period when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Company determined that its transaction price on sale of real estate recognized over time do not include a significant financing component.

Operating Lease Commitments - as Lessor. The Company has entered into commercial property leases in its investment property portfolio. Management has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the properties and thus accounts for the contracts as operating leases. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life.

Lease Modification - as Lessor. Throughout the government-imposed community quarantine, the Company waived rentals and other charges amounting to ₱6,247 million for the year ended December 31, 2022. Such waivers are not accounted as a lease modification under PFRS 16 *Leases* since COVID-19 is a force majeure under the general law.

Determining the Lease Term of Contract. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate its lease contracts with extension and/or termination options. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. The Company typically exercises its option to renew its leases of various parcels of land since its lease term periods are generally covered by an automatic renewal option. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Determining Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates. The Company applies significant judgment in identifying uncertainties over its income tax treatments. The Company determined based on its assessment, in consultation with its tax counsel, that it is probable that its income tax treatments, including for its subsidiaries, will be accepted by the taxation authorities.

Contingencies. The Company is currently involved in various legal and administrative proceedings. The estimate of the probable costs for the resolution of these proceedings has been developed in consultation with in-house as well as outside legal counsel handling defense in these matters and is based upon an analysis of potential results. The Company currently does not believe that these proceedings will have a material adverse effect on its consolidated financial position and performance and no provisions were made in relation to these proceedings. It is possible, however, that future consolidated financial performance could be affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.



Estimates and Assumptions

The key estimates and assumptions that may have significant risks of causing material adjustments to the carrying amounts of revenues, expenses, assets and liabilities within the next financial period are discussed below.

Measure of Progress. The Company's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Company's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of the real estate projects.

Revenue from sale of real estate amounted to ₱45,905 million, ₱42,040 million and ₱39,047 million for the years ended December 31, 2024, 2023, and 2022, respectively, while the cost of real estate sold amounted to ₱19,141 million, ₱16,661 million and ₱16,899 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 21).

Net Realizable Value of Real Estate Inventories. The net realizable value of real estate inventories is assessed with reference to market price at the balance sheet date for similar completed property, less estimate cost to complete the construction and estimated cost to sell. The Company reviews the carrying value regularly for any decline in value due to changes in market price or other causes.

The carrying values of real estate inventories amounted to ₱76,928 million and ₱77,887 million as at December 31, 2024 and 2023, respectively (see Note 8).

Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO) is based on the projected taxable income in future periods.

Deferred tax assets recognized in the consolidated balance sheets amounted to ₱6,047 million and ₱5,329 million as at December 31, 2024 and 2023, respectively (see Note 24). Unrecognized deferred tax assets pertain to NOLCO, amounted to ₱210 million and ₱205 million as at December 31, 2024 and 2023, respectively.

Fair Value of Assets and Liabilities. The Company carries and discloses certain assets and liabilities at fair value, which requires extensive use of accounting judgments and estimates. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates and volatility rates). The amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these assets and liabilities that are carried in the consolidated financial statements would directly affect consolidated statements of income and consolidated other comprehensive income.

The fair value of assets and liabilities are discussed in Note 27.



3. Material Accounting Policy Information

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2024. Adoption of these pronouncements did not have any material impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to Philippine Accounting Standard (PAS) 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Future Changes in Accounting Policies and Disclosures

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.



- Amendments to PFRS 9

- Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements* replaces PAS 1, *Presentation of Financial Statements*, and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the consolidated statement of income
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation

The new standard will have an impact on the presentation of income and expenses and additional disclosures on management-defined performance measures but will not have an impact on the recognition and measurement in the consolidated financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.



Determination of Fair Value

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period and recognizes transfers as at the date of the event or change in circumstances that caused the transfer.

The Company determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Financial Instruments - Initial Recognition and Subsequent Measurement

Financial Assets

Initial recognition and measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through profit or loss (FVTPL), and FVOCI.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



As at December 31, 2024 and 2023, the Company has no debt instruments classified as financial assets at FVOCI.

Subsequent measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortized cost (debt instruments):* The Company measures financial assets at amortized cost if both of the following conditions are met:
 - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash and cash equivalents, receivables and escrow and time deposits (included under "Other noncurrent assets" account). Other than those financial assets at amortized cost whose carrying values are reasonable approximation of fair values, the aggregate carrying values of financial assets under this category amounted to ₱3,803 million and ₱3,656 million as at December 31, 2024 and 2023, respectively (see Note 27).

- *Financial assets at FVTPL.* Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated balance sheet at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes derivative instruments. The carrying values of financial assets classified under this category amounted to ₱4,771 million and ₱5,524 million as at December 31, 2024 and 2023, respectively (see Note 27).

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in FVTPL. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.



A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

- *Financial assets at FVOCI (equity instruments).* Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the consolidated statements of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its investments in equity instruments under this category.

Classified under this category are the investments in shares of stocks of certain companies. The carrying values of financial assets classified under this category amounted to ₱21,187 million and ₱20,318 million as at December 31, 2024 and 2023, respectively (see Note 27).

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or,
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company evaluates if, and to what extent, it has retained the risks and rewards of ownership. The Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets. The Company recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Company uses a provision matrix for rent and other receivables, vintage approach for receivables from sale of real estate (billed and unbilled) and general approach for treasury assets to calculate ECLs.



The Company applies provision matrix and has calculated ECLs based on lifetime ECLs. The Company recognizes a loss allowance based on lifetime ECLs at each reporting date, adjusted for forward-looking factors specific to the debtors and the economic environment.

Vintage approach accounts for expected credit losses by calculating the cumulative loss rates of a given real estate receivable pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period. In addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors such as, but not limited to, forward-looking data on inflation rate was added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points. The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on the type of unit. In calculating the recovery rates, the Company considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, refurbishment, payment required under Maceda law, cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the time of default using the appropriate EIR, usually being the original EIR or an approximation thereof.

The Company considers a financial asset in default generally when contractual payments are 120 days past due or when the sales are cancelled supported by a notarized cancellation letter executed by the Company and unit buyer. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition and measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings and payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement. The Company classifies its financial liabilities in the following categories:

- *Financial liabilities at FVTPL.* Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including any separated derivatives, are also classified under liabilities at FVTPL, unless these are designated as hedging instruments in an effective hedge or financial guarantee contracts. Gains or losses on liabilities held for trading are recognized in the consolidated statement of income under "Others - net" account. Classified as financial liabilities at FVTPL are the Company's derivative liabilities amounting to ₱50 million and ₱272 million as at December 31, 2024 and 2023, respectively (see Note 27).



- *Loans and borrowings.* This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations or borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of income when the loans and borrowings are derecognized, as well as through the amortization process. Loans and borrowings are included under current liabilities if settlement is within twelve months from reporting period. Otherwise, these are classified as noncurrent liabilities.

Classified under this category are loans payable, accounts payable and other current liabilities, long-term debt, tenants' deposits, liability for purchased land and other noncurrent liabilities (except for taxes payables and other payables covered by other accounting standards). Other than those other financial liabilities whose carrying values are reasonable approximation of fair values, the aggregate carrying values of financial liabilities under this category amounted to ₱323,283 million and ₱330,771 million as at December 31, 2024 and 2023, respectively (see Note 27).

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Debt Issue Costs

Debt issue costs are presented as reduction in long-term debt and are amortized over the terms of the related borrowings using the effective interest method.

Derivative Financial Instruments

Initial recognition and subsequent measurement. The Company uses derivative financial instruments, such as foreign exchange swap, cross currency swaps, interest rate swaps, principal only swaps and non-deliverable forwards contracts to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company's derivative financial instruments are accounted for as either cash flow hedges or transactions not designated as hedges (see Note 27). These hedge the exposures to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.



The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge effectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the net fair value changes on cash flow hedges, while any ineffective portion is recognized immediately in the consolidated statement of income. The net fair value changes on cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company designates only the elements of the foreign exchange swap, cross currency swaps, interest rate swaps, principal only swaps and non-deliverable forwards contracts as hedging instruments to achieve its risk management objective. These elements, including changes in fair value, are recognized in OCI and accumulated in a separate component of equity under net fair value changes on cash flow hedges.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Other Derivative Instruments Not Accounted for as Hedges. Certain freestanding derivative instruments that provide economic hedges under the Company’s policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair values of derivative instruments not designated as hedges are recognized immediately under “Others - net” account in the consolidated statements of income (see Note 27). Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.



Real Estate Inventories

Real estate inventories are stated at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less costs to complete and the estimated cost to make the sale. Real estate inventories include properties being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation.

Cost incurred for the development and improvement of the properties includes the following:

- Land cost;
- Amounts paid to contractors for construction and development; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Prepaid Expenses and Other Current Assets

Other current assets consist of advances to suppliers and contractors, advances for project development, input tax, creditable withholding taxes, deposits, prepayments, supplies and inventories and others. Advances to suppliers and contractors, advances for project development and deposits are carried at cost. These represent advance payments and deposits to contractors for the construction and development of the projects. These are recouped upon every progress billing payment depending on the percentage of accomplishment. Prepaid taxes and other prepayments are carried at cost less amortized portion. These include prepayments for taxes and licenses, rent, advertising and promotions and insurance.

Common Control Business Combinations

Business combinations involving entities or businesses under common control are business combinations in which all of the entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Business combinations under common control are accounted for similar to pooling of interests method. Under the pooling of interests method:

- The assets, liabilities and equity of the acquired companies for the reporting period in which the common control business combinations occur and for the comparative periods presented, are included in the consolidated financial statements at their carrying amounts as if the consolidation had occurred from the beginning of the earliest period presented in the financial statements, regardless of the actual date of the acquisition;
- No adjustments are made to reflect the fair values, or recognize any new assets or liabilities at the date of the combination. The only adjustments would be to harmonize accounting policies between the combining entities;
- No 'new' goodwill is recognized as a result of the business combination;
- The excess of the cost of business combinations over the net carrying amounts of the identifiable assets and liabilities of the acquired companies is considered as equity adjustment from business combinations, included under "Additional paid-in capital - net" account in the equity section of the consolidated balance sheet; and
- The consolidated statement of income in the year of acquisition reflects the results of the combining entities for the full year, irrespective of when the combination took place.



Property and Equipment

The Company's property and equipment consist of land, building, equipment and ROUA. Property and equipment, except land and construction in progress, is stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs necessary in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation and interest incurred during the construction period on funds borrowed to finance the construction of the projects.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the assets:

Buildings, land and leasehold improvements	5-25 years	or term of the lease, whichever is shorter
Furniture, fixtures and other equipment	5-10 years	
ROUA - office spaces	10-25 years	or term of the lease, whichever is shorter

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is credited or charged to current operations.

An item of property and equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of property and equipment are recognized in the consolidated statements of income in the period of retirement or disposal under "Others - net" account.

Investment Properties

These consist of commercial spaces/properties held for rental and/or capital appreciation, ROUA and land held for future development. These accounts are measured initially at cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable costs. Subsequently, these accounts, except land and construction in progress, are measured at cost, less accumulated depreciation and amortization and accumulated impairment in value, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

Property under construction or development for future use as an investment property is classified as investment property.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the assets:

Buildings, land and leasehold improvements	5-40 years	or term of the lease, whichever is shorter
Building equipment, furniture and others	3-15 years	or term of the lease, whichever is shorter
ROUA - land	Remaining lease term	



Construction in progress represents structures under construction and is stated at cost. This includes cost of construction, machineries and equipment, and other direct costs. Cost also includes interest on borrowed funds incurred during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and are ready for use.

Investment property is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the period of retirement or disposal under “Others - net” account.

Transfers are made from investment property to inventories when, and only when, there is a change in use, as evidenced by an approved plan to construct and develop condominium and residential units for sale. Transfers are made from inventories to investment property when, and only when, there is change in use, as evidenced by commencement of an operating lease to a third party or change in the originally approved plan. The cost of property for subsequent accounting is its carrying value at the date of change in use.

For a transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investments in Associates and Joint Ventures

The Company’s investments in shares of stocks of associates and joint ventures are accounted for under the equity method of accounting. The consolidated statements of income reflect the share in the result of operations of the associate or joint venture under “Others-net” account.

Appropriate adjustments to the Company’s share of the associate’s or joint venture’s profit or loss after acquisition are made to account for the depreciation of the depreciable assets based on their fair values at the acquisition date and for impairment losses recognized by the associate or joint venture.

The Company discontinues the use of equity method from the date when it ceases to have significant influence or joint control over an associate or joint venture and accounts for the investment in accordance with PFRS 9, from that date, provided the associate or joint venture does not become a subsidiary. When the Company’s interest in an investment in associate or joint venture is reduced to zero, additional losses are provided only to the extent that the Company has incurred obligations or made payments on behalf of the associate or joint venture to satisfy obligations of the investee that the Company has guaranteed or otherwise committed. If the associate or joint venture subsequently reports profits, the Company resumes recognizing its share of the profits if it equals the share of net losses not recognized.

Other Noncurrent Assets

Other noncurrent assets consist of bonds and deposits, receivables from sale of real estate - net of current portion, land use rights, escrow and time deposits, deferred input tax and others. Other noncurrent assets are carried at cost.

Impairment of Nonfinancial Assets

The carrying values of investments in associates and joint ventures, property and equipment, investment properties and other noncurrent assets (excluding escrow and time deposits) are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amounts. The



recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation or amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Customers' Deposits

Customers' deposits mainly represent reservation fees and advance payments. These deposits will be recognized as revenue in the consolidated statement of income as the related obligations to the real estate buyers are fulfilled.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as "Additional paid-in capital - net" account.

Retained Earnings

Retained earnings represent accumulated net profits, net of dividend distributions and other capital adjustments.

Treasury Stock

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issuance or cancellation of own equity instruments.

Dividends

Dividends on common shares are recognized as liability and deducted from equity when declared and approved by the BOD. Dividends for the year that are approved after balance sheet date are dealt with as an event after the reporting period.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in majority of its revenue arrangements. The



disclosures of material accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2. The following specific recognition criteria, other than those disclosed in Note 2 to the consolidated financial statements, must also be met before revenue is recognized:

Rent. Revenue is recognized on a straight-line basis over the lease term or based on the terms of the lease as applicable.

Sale of Cinema, Event and Amusement Tickets and Merchandise. Revenue is recognized upon receipt of cash from the customer which coincides with the rendering of services or the delivery of merchandise. Revenue from sale of amusement tickets and merchandise are included in the "Revenue - Others" account in the consolidated statement of income.

Dividend. Revenue is recognized when the Company's right as a shareholder to receive the payment is established. These are included in the "Interest and dividend income" account in the consolidated statement of income.

Management and Service Fees. Revenue is recognized when earned in accordance with the terms of the agreements.

Interest. Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Room Rentals, Food and Beverage, and Others. Revenue from room rentals is recognized as part of "Rent" revenue based on actual occupancy, food and beverage sales when orders are served, and other operated departments when the services are rendered. Revenue from other operated departments include, among others, business center, laundry service, and telephone service. Revenue from food and beverage sales and other hotel revenue are included under the "Revenue - Others" account in the consolidated statement of income.

Revenue and Cost from Sale of Real Estate. The Company derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date/milestones reached/time elapsed. This method measures progress of work based on physical proportion of the work done, including the impact of customized uninstalled materials, on the real estate project which requires technical determination by the Company's project engineers. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as receivables from sale of real estate, under trade receivables, is accounted for as unbilled revenue from sale of real estate.



Any excess of collections over the total of recognized installment real estate receivables is included in the contract liabilities (or referred also in the consolidated financial statements as “Unearned revenue from sale of real estate”).

Information about the Company’s performance obligation. The Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under a financing scheme entered with the customer. The financing scheme would include payment of certain percentage of the contract price spread over a certain period (e.g. one to five years) at a fixed monthly payment with the remaining balance payable in full at the end of the period either through cash or external financing. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction.

The Company has a quality assurance warranty which is not treated as a separate performance obligation.

Cost of Real Estate Sold. The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of development and construction costs, contract fulfillment assets and cost to obtain contract. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of real estate sold while the portion allocable to the unsold area being recognized as part of real estate inventories. In addition, the Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

Receivables. A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. These pertain to unbilled revenue from sale of real estate. This is the right to consideration that is conditional in exchange for goods or services transferred to the customer. This is reclassified as trade receivable from sale of real estate when the monthly amortization of the customer is already due for collection.

Contract liabilities. These pertain to unearned revenue from sale of real estate. This is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. These also include customers’ deposits related to sale of real estate. These are recognized as revenue when the Company performs its obligation under the contract.

Costs to obtain contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. The Company has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the “Costs and expenses” account in the consolidated statement of income. Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.



Contract fulfillment assets. Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Company's contract fulfillment assets pertain to cost of land.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract. The Company amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortization is included within cost of real estate sold.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Company determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs are demonstrating indicators of impairment, judgment is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets.

Pension Benefits

The Company is a participant in the SM Corporate and Management Companies Multi-Employer Retirement Plan.

Retirement Plan. The plan is a funded, noncontributory defined benefit retirement plan administered by a Board of Trustees covering all regular full-time employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit pension costs comprise the following:

- Service cost;
- Net interest on the net defined benefit obligation or asset; and
- Remeasurements of net defined benefit obligation or asset



Service cost which includes current service costs, past service costs and gains or losses on non-routine settlements are recognized as part of “Costs and expenses” under “Administrative” account in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit obligation or asset is recognized as part of “Costs and expenses” under “Administrative” account in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Company’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Foreign Currency-denominated Transactions

The consolidated financial statements are presented in Philippine peso, which is SMPH’s functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange at reporting period. Nonmonetary items denominated in foreign currency are translated using the exchange rates as at the date of initial recognition. All differences are taken to the consolidated statements of income.

Foreign Currency Translation

The assets and liabilities of foreign operations are translated into Philippine peso at the rate of exchange ruling at reporting period and their respective statements of income are translated at the weighted average rates for the year. The exchange differences arising on the translation are included in the consolidated statements of comprehensive income and are presented within the “Cumulative translation adjustment” account in the consolidated statements of changes in equity. On disposal of a foreign entity, the deferred cumulative amount of exchange differences recognized in equity relating to that particular foreign operation is recognized in the profit or loss.

Leases

Company as Lessor. Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases are recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.



Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Company as Lessee. The Company applies a single recognition and measurement approach for all the leases except for low-value assets and short-term leases. The Company recognizes lease liabilities to make lease payments and ROUA representing the right to use the underlying asset.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments which includes in substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the IBR at the lease commencement date. After the commencement date, the amount of lease liabilities is adjusted to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company also recognized ROUA in property and equipment (office spaces) and investment properties (land lease and land use rights) at the commencement date of the lease (i.e., the date the underlying asset is available for use). The initial cost of ROUA includes the amount of lease liabilities recognized less any lease payments made at or before the commencement date.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of bridgeway, machineries and equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company recognizes deferred tax asset and liability based from the lease liability and ROUA, respectively, on a gross basis, as of balance sheet date.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.



Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset as part of the cost of that asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use or sale. Borrowing costs are capitalized when it is probable that they will result in future economic benefits to the Company.

The interest capitalized is calculated using the Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on the temporary investment of those borrowings. Interest is capitalized from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed.

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost. The Company limits exchange losses taken as amount of borrowing costs to the extent that the total borrowing costs capitalized do not exceed the amount of borrowing costs that would be incurred on functional currency equivalent borrowings. The amount of foreign exchange differences eligible for capitalization is determined for each period separately. Foreign exchange losses that did not meet the criteria for capitalization in previous years are not capitalized in subsequent years. All other borrowing costs are expensed as incurred.

Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at reporting period.

Current income tax relating to item recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided, using the balance sheet liability method, on temporary differences at reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting period.

Income tax relating to items recognized directly in the consolidated statement of comprehensive income is recognized in the consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as part of “Accounts payable and other current liabilities” account in the consolidated balance sheets. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as part of “Prepaid expenses and other current assets” account in the consolidated balance sheets to the extent of the recoverable amount.

Basic/Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to owners of the Parent by the weighted-average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

For the purpose of computing diluted EPS, the net income for the period attributable to owners of the Parent and the weighted-average number of issued and outstanding common shares are adjusted for the effects of all dilutive potential ordinary shares, if any.



Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Segment Information

For management purposes, the Company is organized into business units based on their products and services, and has four reportable operating segments as follows: mall, residential, commercial and integrated property developments and hotels and convention centers.

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, or cinema theaters within the compound of the shopping centers.

Residential and commercial and integrated property developments segments are involved in the development and transformation of major residential, commercial, entertainment and tourism districts through sustained capital investments in buildings and infrastructure.

Hotels and convention centers segment engages in and carry on the business of hotel and convention centers and operates and maintains any and all services and facilities incident thereto.

Management, through the Executive Committee, monitors the operating results of its business units separately 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.

The amount of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets and liabilities and profit or loss in the consolidated financial statements, which is in accordance with PFRS Accounting Standards.

Inter-segment Transactions

Transfer prices between business segments are set on an arm's length basis similar to transactions with nonrelated parties. Such transfers are eliminated in the consolidated financial statements.

Business Segment Data

	2024					
	Mall	Residential	Commercial and Integrated Property Developments	Hotels and Convention Centers	Eliminations	Consolidated Balances
	<i>(In Thousands)</i>					
Revenue:						
External customers	₱77,195,491	₱47,759,282	₱7,652,770	₱7,783,329	₱-	₱140,390,872
Inter-segment	338,678	4,583	126,834	-	(470,095)	-
	₱77,534,169	₱47,763,865	₱7,779,604	₱7,783,329	(₱470,095)	₱140,390,872



2024						
	Mall	Residential	Commercial and Integrated Property Developments	Hotels and Convention Centers	Eliminations	Consolidated Balances
(In Thousands)						
Segment results:						
Income before income tax	₱34,119,841	₱16,047,506	₱5,098,369	₱1,802,758	(₱226,009)	₱56,842,465
Provision for income tax	(6,411,868)	(2,848,608)	(748,740)	(293,813)	—	(10,303,029)
Net income	₱27,707,973	₱13,198,898	₱4,349,629	₱1,508,945	(₱226,009)	₱46,539,436
Net income attributable to:						
Equity holders of the Parent	₱26,812,180	₱13,187,019	₱4,349,629	₱1,508,945	(₱226,009)	₱45,631,764
Non-controlling interests	895,793	11,879	—	—	—	907,672
Segment assets	₱486,804,040	₱372,848,649	₱137,249,879	₱24,482,894	(₱1,954,732)	₱1,019,430,730
Segment liabilities	₱322,128,497	₱207,977,024	₱53,056,919	₱1,982,532	(₱1,954,732)	₱583,190,240
Other information:						
Capital expenditures	₱35,251,300	₱23,135,964	₱28,373,189*	₱1,936,888	₱—	₱88,697,341
Depreciation and amortization	12,197,435	268,485	1,800,752	771,116	—	15,037,788

*Includes ₱21,360 million integrated property developments

2023						
	Mall	Residential	Commercial and Integrated Property Developments	Hotels and Convention Centers	Eliminations	Consolidated Balances
(In Thousands)						
Revenue:						
External customers	₱70,924,483	₱43,730,565	₱6,781,687	₱6,660,806	₱—	₱128,097,541
Inter-segment	176,623	—	115,067	18,108	(309,798)	—
	₱71,101,106	₱43,730,565	₱6,896,754	₱6,678,914	(₱309,798)	₱128,097,541
Segment results:						
Income before income tax	₱29,443,529	₱14,484,131	₱4,540,688	₱1,563,806	(₱192,335)	₱49,839,819
Provision for income tax	(5,559,995)	(2,408,916)	(715,095)	(291,968)	—	(8,975,974)
Net income	₱23,883,534	₱12,075,215	₱3,825,593	₱1,271,838	(₱192,335)	₱40,863,845
Net income attributable to:						
Equity holders of the Parent	₱23,044,382	₱12,061,023	₱3,825,593	₱1,271,838	(₱192,335)	₱40,010,501
Non-controlling interests	839,152	14,192	—	—	—	853,344
Segment assets	₱469,624,682	₱350,279,425	₱104,377,862	₱20,862,662	(₱1,817,056)	₱943,327,575
Segment liabilities	₱322,448,794	₱196,791,098	₱25,596,386	₱1,421,317	(₱1,817,056)	₱544,440,539
Other information:						
Capital expenditures	₱37,029,372	₱25,633,865	₱23,733,455*	₱1,779,226	₱—	₱88,175,918
Depreciation and amortization	11,225,655	243,022	1,536,430	651,666	—	13,656,773

*Includes ₱17,781 million integrated property developments

2022						
	Mall	Residential	Commercial and Integrated Property Developments	Hotels and Convention Centers	Eliminations	Consolidated Balances
(In Thousands)						
Revenue:						
External customers	₱55,379,678	₱40,077,157	₱5,996,483	₱4,332,317	₱—	₱105,785,635
Inter-segment	160,890	5,417	126,801	11,631	(304,739)	—
	₱55,540,568	₱40,082,574	₱6,123,284	₱4,343,948	(₱304,739)	₱105,785,635
Segment results:						
Income before income tax	₱24,291,544	₱10,905,230	₱3,969,174	₱402,171	(₱854,115)	₱38,714,004
Provision for income tax	(4,857,306)	(2,000,690)	(1,013,584)	(99,295)	—	(7,970,875)
Net income	₱19,434,238	₱8,904,540	₱2,955,590	₱302,876	(₱854,115)	₱30,743,129
Net income attributable to:						
Equity holders of the Parent	₱18,800,574	₱8,894,874	₱2,955,590	₱302,876	(₱854,115)	₱30,099,799
Non-controlling interests	633,664	9,666	—	—	—	643,330
Segment assets	₱461,547,075	₱317,089,509	₱81,047,183	₱16,296,204	(₱1,765,319)	₱874,214,652
Segment liabilities	₱320,311,592	₱180,624,978	₱8,524,126	₱1,367,669	(₱1,765,319)	₱509,063,046



	2022					
	Mall	Residential	Commercial and Integrated Property Developments	Hotels and Convention Centers	Eliminations	Consolidated Balances
	<i>(In Thousands)</i>					
Other information:						
Capital expenditures	₱25,786,080	₱36,345,071	₱12,194,451	₱1,093,268	₱-	₱75,418,870
Depreciation and amortization	10,373,095	138,188	1,347,108	629,371	-	12,487,762

For the years ended December 31, 2024, 2023 and 2022, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers. The main revenues of the Company are substantially earned from the Philippines.

The Company disaggregates its revenue information in the same manner as it reports its segment information.

Seasonality

There were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations.

5. Business Combination

In January 2022, the Parent Company acquired 100% of the outstanding shares of BTC. BTC is under common control by the Sy Family. Thus, the acquisition was accounted for using pooling of interest method. Assets acquired and liabilities assumed in January 2022 is ₱1,593 million and ₱1,612 million, respectively. The acquisition resulted to equity reserve adjustment amounting to ₱44 million included under Additional Paid-in Capital - Net account in the equity section of the balance sheet (see Note 18).

6. Cash and Cash Equivalents

This account consists of:

	2024	2023
	<i>(In Thousands)</i>	
Cash on hand and in banks (see Note 19)	₱4,396,389	₱10,239,900
Temporary investments (see Note 19)	26,849,782	21,576,902
	₱31,246,171	₱31,816,802

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 Company and earn interest at the respective temporary investment rates.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.



Interest income earned from cash in banks and temporary investments amounted to ₱1,418 million, ₱1,450 million and ₱1,070 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 22).

7. Receivables and Contract Assets

This account consists of:

	2024	2023
	(In Thousands)	
Trade:		
Sale of real estate (billed and unbilled)*	₱152,492,378	₱132,177,723
Rent:		
Third parties	10,745,461	9,352,668
Related parties (see Note 19)	3,704,992	3,471,144
Accrued interest (see Note 19)	370,865	265,371
Nontrade and others (see Note 19)	5,031,479	3,062,977
	172,345,175	148,329,883
Less allowance for ECLs	774,250	777,378
	171,570,925	147,552,505
Less noncurrent portion of trade receivables from sale of real estate (see Note 14)	79,064,021	70,600,303
	₱92,506,904	₱76,952,202

*Includes unbilled revenue from sale of real estate amounting to ₱133,475 million and ₱114,898 million as at December 31, 2024 and 2023, respectively.

The terms and conditions of the above receivables are as follows:

- Trade receivables from tenants are non-interest bearing and are normally collectible on a 30 to 90 days' term. Trade receivables from sale of real estate pertain to sold real estate inventories at various terms of payments, which are generally non-interest bearing.

The Company assigned billed and unbilled receivables from sale of real estate on a without recourse basis to local banks amounting to ₱6,967 million and ₱4,131 million for the years ended December 31, 2024 and 2023, respectively (see Note 19).

The Company also has assigned billed and unbilled receivables from real estate on a with recourse basis to local banks. The outstanding balance as at December 31, 2024 and 2023 is nil and ₱217 million, respectively. The fair value of the assigned receivables and the related liability from assigned receivables approximates their costs. The related liability is included in Others under "Accounts payable and other current liabilities" account, bear interest rates of 5.00% to 6.50% as at December 31, 2023 (see Note 16).

The total cost of related financing recorded under interest expense amounted to ₱78 million, ₱717 million and ₱18 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 22).

- Accrued interest and other receivables are normally collected throughout the next financial period.



Interest income earned from receivables totaled ₱171 million, ₱232 million and ₱149 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 22).

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

There is no allowance for ECLs on unbilled revenue from sale of real estate as of December 31, 2024 and 2023. The movements in the allowance for ECLs related to receivables from rent are as follows:

	2024	2023
	<i>(In Thousands)</i>	
At beginning of year	₱777,378	₱721,482
Provisions (reversals) - net	(3,128)	55,896
At end of year	₱774,250	₱777,378

The aging analysis of receivables and unbilled revenue from sale of real estate as at December 31 are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Neither past due nor impaired	₱152,472,997	₱128,027,966
Past due:		
Less than 30 days	4,696,082	4,805,072
31–90 days	4,941,344	6,044,097
91–120 days	3,363,747	2,142,720
Over 120 days	6,096,755	6,532,650
Impaired	774,250	777,378
	₱172,345,175	₱148,329,883

Receivables, except for those that are impaired, are assessed by the Company's management as not impaired, good and collectible.

The transaction price allocated to the remaining performance obligations totaling ₱41,525 million and ₱38,087 million as at December 31, 2024 and 2023, respectively, are expected to be recognized over the construction period ranging from one to five years.



8. Real Estate Inventories

The movements in this account are as follows:

	Land and Development	Condominium, Residential Units and Subdivision Lots for Sale	Total
<i>(In Thousands)</i>			
Balance as at December 31, 2022	₱43,780,861	₱26,719,164	₱70,500,025
Development cost incurred	22,141,007	—	22,141,007
Cost of real estate sold (see Note 21)	(13,166,920)	(3,493,990)	(16,660,910)
Transfers	(1,902,929)	1,902,929	—
Reclassifications from investment properties (see Note 12)	1,807,712	—	1,807,712
Translation adjustment and others	98,606	341	98,947
Balance as at December 31, 2023	52,758,337	25,128,444	77,886,781
Development cost incurred	17,918,601	103,947	18,022,548
Cost of real estate sold (see Note 21)	(11,962,498)	(7,178,027)	(19,140,525)
Transfers	(3,074,344)	3,074,344	—
Reclassifications from investment properties (see Note 12)	142,699	—	142,699
Translation adjustment	—	16,024	16,024
Balance as at December 31, 2024	₱55,782,795	₱21,144,732	₱76,927,527

Land and development pertains to the Company's on-going residential units and condominium projects. Estimated cost to complete the projects amounted to ₱107,880 million and ₱103,578 million as at December 31, 2024 and 2023, respectively.

Condominium and residential units for sale pertain to completed projects. These are stated at cost as at December 31, 2024 and 2023.

Contract fulfillment assets, included under land and development, pertain to unamortized portion of land cost totaling ₱2,031 million and ₱1,777 million as at December 31, 2024 and 2023, respectively.

9. Equity Instruments at FVOCI

This account consists of investments in:

	2024	2023
<i>(In Thousands)</i>		
Shares of stock:		
Listed (see Note 19)	₱21,181,916	₱20,312,735
Unlisted	5,317	5,317
	21,187,233	20,318,052
Less noncurrent portion	20,392,800	19,570,212
	₱794,433	₱747,840

- Listed shares of stock pertain to investments in publicly listed companies.
- Unlisted shares of stock pertain to stocks of private corporations.



Dividend income from investments at FVOCI amounted to ₱527 million, ₱440 million and ₱456 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 19).

The movements in the “Net fair value changes of equity instruments at FVOCI” account are as follows:

	2024	2023
	<i>(In Thousands)</i>	
At beginning of the year	₱16,938,503	₱14,232,514
Unrealized gain due to changes in fair value – net of transfers	869,263	2,705,989
At end of the year	₱17,807,766	₱16,938,503

10. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
	<i>(In Thousands)</i>	
Input and creditable withholding taxes	₱14,039,318	₱12,030,388
Advances and deposits	8,797,734	8,724,322
Prepaid taxes and other prepayments	4,565,703	6,409,923
Supplies and inventories	433,328	420,623
Others	590,625	219,674
	₱28,426,708	₱27,804,930

- Input tax represents VAT paid to suppliers that can be claimed as credit against the future output VAT liabilities without prescription. Creditable withholding tax is the tax withheld by the withholding agents from payments to the Company which can be applied against the income tax payable.
- Advances and deposits pertain to downpayments made to suppliers or contractors to cover preliminary expenses of the contractors in construction projects. The amounts are non-interest bearing and are recouped upon every progress billing payment depending on the percentage of accomplishment. This account also includes construction bonds, rental deposits and advertisements.
- Prepaid taxes and other prepayments consist of prepayments for insurance, real property taxes, rent, and other expenses which are normally utilized within the next financial period.



11. Property and Equipment

The movements in this account are as follows:

	Buildings, Land and Leasehold Improvements	Furniture, Fixtures and Other Equipment	ROUA - Office Spaces	Total
<i>(In Thousands)</i>				
Cost				
Balance at December 31, 2022	₱2,427,006	₱1,390,125	₱7,454	₱3,824,585
Additions	185,262	155,844	—	341,106
Disposals	(16,472)	(2,878)	(7,454)	(26,804)
Balance at December 31, 2023	2,595,796	1,543,091	—	4,138,887
Additions	50,837	103,451	—	154,288
Retirement	(30,173)	(8,188)	—	(38,361)
Balance at December 31, 2024	₱2,616,460	₱1,638,354	₱—	₱4,254,814
Accumulated Depreciation and Amortization				
Balance at December 31, 2022	₱1,250,849	₱1,166,442	₱7,454	₱2,424,745
Depreciation and amortization (see Note 21)	78,545	90,940	—	169,485
Disposals	—	(2,879)	(7,454)	(10,333)
Balance at December 31, 2023	1,329,394	1,254,503	—	2,583,897
Depreciation and amortization (see Note 21)	103,007	105,102	—	208,109
Retirement	(22,331)	(8,156)	—	(30,487)
Balance at December 31, 2024	₱1,410,070	₱1,351,449	₱—	₱2,761,519
Net Book Value				
As at December 31, 2023	₱1,266,402	₱288,588	₱—	₱1,554,990
As at December 31, 2024	₱1,206,390	₱286,905	₱—	₱1,493,295

The Company disposed certain properties and equipment in 2024 and 2023. The loss on retirement is recognized in the consolidated statements of income under “Others - net” account



12. Investment Properties

The movements in this account are as follows:

	Land, Building and Leasehold Improvements	Building Equipment, Furniture and Others	ROUA - Land	Construction in Progress	Total
	<i>(In Thousands)</i>				
Cost					
Balance as at December 31, 2022	P458,285,480	P56,235,369	P28,168,127	P67,097,946	P609,786,922
Additions	17,022,736	3,108,856	5,719,181	46,548,285	72,399,058
Reclassifications (see Note 8 and 14)	28,178,837	2,449,872	—	(31,252,071)	(623,362)
Translation adjustment	(1,818,843)	(170,288)	(460,661)	(391,352)	(2,841,144)
Disposals	(425,770)	(530,451)	(10,558)	—	(966,779)
Balance as at December 31, 2023	501,242,440	61,093,358	33,416,089	82,002,808	677,754,695
Additions	9,244,408	3,621,649	98,291	54,569,894	67,534,242
Reclassifications (see Note 8 and 14)	16,286,673	2,788,243	—	(16,231,352)	2,843,564
Translation adjustment	917,995	77,636	295,751	124,704	1,416,086
Disposals	(690,721)	(222,151)	—	—	(912,872)
Balance as at December 31, 2024	P527,000,795	P67,358,735	P33,810,131	P120,466,054	P748,635,715
Accumulated Depreciation and Amortization					
Balance as at December 31, 2022	P82,599,898	P35,389,089	P2,531,893	P—	P120,520,880
Depreciation and amortization (see Note 21)	8,748,034	3,979,841	759,413	—	13,487,288
Translation adjustment	(474,488)	(86,870)	(23,937)	—	(585,295)
Disposals	(366,969)	(373,808)	(2,147)	—	(742,924)
Balance as at December 31, 2023	90,506,475	38,908,252	3,265,222	—	132,679,949
Depreciation and amortization (see Note 21)	9,753,913	4,245,234	830,532	—	14,829,679
Translation adjustment	212,105	45,221	11,907	—	269,233
Disposals	(282,864)	(200,203)	—	—	(483,067)
Balance as at December 31, 2024	P100,189,629	P42,998,504	P4,107,661	P—	P147,295,794
Net Book Value					
As at December 31, 2023	P410,735,965	P22,185,106	P30,150,867	P82,002,808	P545,074,746
As at December 31, 2024	P426,811,166	P24,360,231	P29,702,470	P120,466,054	P601,339,921



The Company disposed certain investment properties in 2024 and 2023. The gain or loss on disposal is recognized in the consolidated statements of income under “Others - net” account.

Portions of investment properties located in China with total carrying value of ₱1,539 million and ₱1,455 million as at December 31, 2024 and 2023, respectively are mortgaged as collaterals to secure domestic borrowings (see Note 17).

Consolidated rent income from investment properties amounted to ₱78,674 million, ₱72,114 million and ₱58,244 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Consolidated operating expenses from investment properties, which generate income, amounted to ₱42,263 million, ₱40,120 million and ₱30,598 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 21).

Construction in progress amounting to ₱120,466 million and ₱82,003 million as at December 31, 2024 and 2023, respectively includes shopping mall complex under construction, land and commercial building constructions.

The outstanding contracts with various contractors related to the construction of on-going projects are valued at ₱63,362 million and ₱78,353 million as at December 31, 2024 and 2023, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of works.

Interest capitalized to the construction of investment properties amounted to ₱7,446 million, ₱5,791 million and ₱4,814 million for the years ended December 31, 2024, 2023 and 2022, respectively. Capitalization rates used range from 2.46% to 5.75%, from 2.27% to 5.38%, and from 2.35% to 5.22% for the years ended December 31, 2024, 2023 and 2022, respectively.

The most recent fair value of investment properties is determined by an independent appraiser who holds a recognized and relevant professional qualification. The fair values of investment properties were based on income approach and sales comparison approach. The fair value represents the amount at which the assets can be exchanged between a knowledgeable, willing seller and a knowledgeable, willing buyer in an arm’s length transaction at the date of valuation, in accordance with International Valuation Standards as set out by the International Valuation Standards Committee.

Other than those investment properties held as collateral, the Company has no restriction on the realizability of its investment properties.



13. Investments in Associates and Joint Ventures

The ownership interests in associates and joint ventures accounted for under the equity method mainly consist of the following:

Company	Country of Incorporation	Percentage of Ownership	
		2024	2023
Associates			
Feihua Real Estate (Chongqing) Company Ltd. (FHREC)	People's Republic of China	50.00	50.00
Ortigas Land Corporation (OLC)	Philippines	39.96	39.96
Joint Ventures			
Winsome Development Corporation*	Philippines	51.00	51.00
Willin Sales, Inc.*	- do -	51.00	51.00
Willimson, Inc. *	- do -	51.00	51.00
Waltermart Ventures, Inc. *	- do -	51.00	51.00
WM Development, Inc. *	- do -	51.00	51.00
WM Shopping Center Management Inc.*	- do -	51.00	51.00
Metro Rapid Transit Service Inc.	- do -	51.00	51.00
ST 6747 Resources Corporation (STRC)	- do -	50.00	50.00

*collectively, Waltermart

The movements in this account are as follows:

	Associates	Joint Ventures	Total
		(In Thousands)	
Balance as at December 31, 2022	₱20,890,859	₱9,687,461	₱30,578,320
Equity in net earnings	1,273,549	889,062	2,162,611
Dividends	(130,928)	(128,774)	(259,702)
Translation	(50,034)	—	(50,034)
Balance as at December 31, 2023	21,983,446	10,447,749	32,431,195
Equity in net earnings	1,118,823	924,187	2,043,010
Dividends	(1,284,813)	(151,468)	(1,436,281)
Translation and others	22,104	48,331	70,435
Balance as at December 31, 2024	₱21,839,560	₱11,268,799	₱33,108,359

The carrying value of investment in OLC amounted to ₱21,544 million and ₱20,615 million as at December 31, 2024 and 2023, respectively, which consists of its proportionate share in the net assets of OLC and fair value adjustments. The share in profit, net of dividend received of OLC amounted to ₱929 million, ₱1,142 million and ₱940 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The carrying value of investment in FHREC amounted to ₱295 million and ₱1,368 million as at December 31, 2024 and 2023, respectively. The dividend received from FHREC amounted to ₱1,095 million and nil as at December 31, 2024 and 2023, respectively.

The carrying values of investments in Waltermart amounted to ₱8,710 million and ₱8,152 million as at December 31, 2024 and 2023, respectively. The aggregate share in profit and total comprehensive income, net of dividends received amounted to ₱558 million, ₱513 million and ₱283 million for the years ended December 31, 2024, 2023 and 2022, respectively.



The carrying value of investment in STRC amounted to ₱2,559 million and ₱2,296 million as at December 31, 2024 and 2023, respectively. The aggregate share in profit and total comprehensive income amounted to ₱263 million, ₱248 million and ₱172 million for the years ended December 31, 2024, 2023 and 2022, respectively.

14. Other Noncurrent Assets

This account consists of:

	2024	2023
	<i>(In Thousands)</i>	
Receivables from sale of real estate - net of current portion* (see Note 7)	₱79,064,021	₱70,600,303
Bonds and deposits	42,946,111	46,894,238
Escrow and time deposits (see Note 19)	3,803,029	3,656,453
Deferred input tax	606,950	779,864
Others (see Note 23)	369,367	540,616
	₱126,789,478	₱122,471,474

**Pertains to noncurrent portion of unbilled revenue from sale of real estate (see Note 7).*

- Bonds and deposits consist of deposits to contractors and suppliers to be applied throughout construction and advances, deposits paid for leased properties to be applied at the last term of the lease and advance payments for land acquisitions which will be applied against the purchase price of the properties upon fulfillment by both parties of certain undertakings and conditions. Bonds and deposits related to land acquisitions amounting to ₱2,986 million and ₱1,184 million were reclassified to investment properties as at December 31, 2024 and 2023, respectively (see Note 12).
- Cash in escrow amounting to ₱690 million and ₱711 million as at December 31, 2024 and 2023, respectively, pertains to the amounts deposited in the account of an escrow agent as required by the Department of Human Settlements and Urban Development in connection with the incentive compliance provisions of the Urban Development and Housing Act. Interest income earned from the cash in escrow amounted to ₱40 million, ₱25 million and ₱6 million for the years ended December 31, 2024, 2023 and 2022 respectively (see Note 22).
- Time deposits amounting to ₱3,113 million and ₱2,945 million as at December 31, 2024 and 2023, respectively, were used as collateral for use of credit lines obtained by the Company. Interest income earned amounted to ₱71 million, ₱38 million and ₱94 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 22).

15. Loans Payable

This account consists of unsecured Philippine peso and China yuan renminbi denominated loans obtained from local and foreign banks amounting to ₱17,312 million and ₱4,289 million as at December 31, 2024 and 2023, respectively, with due dates of less than one year. These loans bear weighted average interest rates of 5.35% and 3.56% and China loan prime rate (LPR) in 2024 and 2023.

Interest expense incurred from loans payable amounted to ₱662 million, ₱258 million and ₱160 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 22).



16. Accounts Payable and Other Current Liabilities

This account consists of:

	2024	2023
	(In Thousands)	
Trade:		
Third parties	₱58,150,715	₱51,450,265
Related parties (see Note 19)	220,389	205,653
Tenants' and customers' deposits* (see Note 25)	43,023,059	39,678,216
Accrued operating expenses	17,868,320	15,834,744
Deferred output VAT	17,410,460	14,411,482
Lease liabilities	13,150,290	13,313,112
Retention payable	11,084,821	8,834,072
Liability for purchased land	3,005,332	5,042,435
Accrued interest (see Note 19)	2,674,852	2,827,101
Payable to government agencies	1,049,077	854,877
Nontrade	432,467	437,049
Others (see Note 7)	2,319,562	2,829,546
	170,389,344	155,718,552
Less noncurrent portion	66,600,383	56,633,701
	₱103,788,961	₱99,084,851

* Includes unearned revenue from sale of real estate amounting to ₱9,023 million and ₱7,018 million as at December 31, 2024 and 2023, respectively, out of which ₱2,095 million and ₱2,129 million were recognized as revenue in 2024 and 2023, respectively.

The terms and conditions of the above liabilities follow:

- Trade payables primarily consist of liabilities to suppliers and contractors, which are non-interest bearing and are normally settled within a 30-day term.
- Accrued operating expenses pertain to accrued selling, general and administrative expenses which are normally settled throughout the financial period. Accrued operating expenses consist of:

	2024	2023
	(In Thousands)	
Payable to contractors	₱11,406,989	₱9,400,962
Utilities	2,375,023	2,468,876
Marketing and advertising and others	4,086,308	3,964,906
	₱17,868,320	₱15,834,744

- Deferred output VAT represents output VAT on unpaid portion of recognized receivable from sale of real estate. This amount is reported as output VAT upon collection of the receivables. Deferred output VAT included in "Other noncurrent liabilities" amounted to ₱16,588 million and ₱13,843 million as at December 31, 2024 and 2023, respectively.
- Lease liabilities included in "Other noncurrent liabilities" amounted to ₱12,991 million and ₱13,181 million as at December 31, 2024 and 2023, respectively. Interest on lease liabilities included under "Others - net" in the consolidated statements of income amounted to ₱336 million, ₱366 million and ₱437 million for the years ended December 31, 2024, 2023 and 2022, respectively.



- Retention payable pertains to the amount withheld by the Company from the contractors' progress billings which will be released after the guarantee period. The retention serves as a security from the contractor should there be defects in the project.
- Liability for purchased land, payable to government agencies, accrued interest and other payables are normally settled throughout the financial period.



17. Long-term Debt

This account consists of:

	Availment Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				2024	2023
				(In Thousands)	
Philippine peso-denominated loans	September 1, 2014 - December 26, 2024	April 25, 2024 - April 22, 2032	Floating BVAL + margin; Fixed - 5.58%	₱287,331,190	₱269,313,740
U.S. dollar-denominated loans*	April 15, 2019 - August 27, 2024	February 28, 2024 - August 10, 2029	SOFR + spread; quarterly	76,161,303	84,350,144
China yuan renminbi-denominated loans**	May 6, 2021 - December 27, 2024	April 20, 2026 - June 24, 2037	LPR, SOFR; annually; Fixed - 3.65%	10,830,711	10,590,461
				374,323,204	364,254,345
Less debt issue cost				1,715,421	1,885,738
				372,607,783	362,368,607
Less current portion				89,287,442	67,746,351
				₱283,320,341	₱294,622,256

BVAL – Bloomberg Valuation Service

SOFR – Secured Overnight Financing Rate

**Hedged against foreign exchange and interest rate risks using derivative instruments*

***Secured by portions of investment properties located in China (see Note 12)*



Debt Issue Cost

The movements in unamortized debt issue cost of the Company follow:

	2024	2023
	<i>(In Thousands)</i>	
Balance at beginning of the year	₱1,885,738	₱2,112,928
Additions	655,334	645,502
Amortization	(825,651)	(872,692)
Balance at end of the year	₱1,715,421	₱1,885,738

Amortization of debt issuance costs is recognized in the consolidated statements of income under “Others - net” account.

Repayment and Debt Issue Cost Schedule

The repayments of long-term debt are scheduled as follows:

	Gross	Debt Issue Cost	Net
	<i>(In Thousands)</i>		
Within 1 year	₱89,971,706	₱684,264	₱89,287,442
More than 1 year to 5 years	248,774,402	994,826	247,779,576
More than 5 years	35,577,096	36,331	35,540,765
	₱374,323,204	₱1,715,421	₱372,607,783

The loan agreements of the Company provide certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control. As at December 31, 2024 and 2023, the Company is in compliance with the terms of its loan covenants.

Interest expense from long-term debt charged to profit or loss amounted to ₱13,194 million, ₱12,989 million and ₱11,288 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 22).

18. **Equity**

Capital Stock

As at December 31, 2024 and 2023, the Company has an authorized capital stock of 40,000 million with a par value of ₱1 a share, of which 33,166 million shares were issued. The Company has 28,856 million outstanding shares as at December 31, 2024 and 2023.

The following summarizes the information on SMPH's registration of securities under the Securities Regulation Code:

Date of SEC Approval/ Notification to SEC	Authorized Shares	No. of Shares Issued	Issue/Offer Price
March 15, 1994	10,000,000,000	—	₱—
April 22, 1994	—	6,369,378,049	5.35
May 29, 2007	10,000,000,000	—	—
May 20, 2008	—	912,897,212	11.86
October 14, 2010	—	569,608,700	11.50
October 10, 2013	20,000,000,000	15,773,765,315	19.50



SMPH declared stock dividends in 2012, 2007, 1996 and 1995. The total number of shareholders is 2,313 and 2,330 as at December 31, 2024 and 2023, respectively.

Additional Paid-in Capital - Net

Following represents the nature of the consolidated “Additional paid-in capital - net”:

	2024	2023
	<i>(In Thousands)</i>	
Paid-in subscriptions in excess of par value	₱33,549,808	₱33,549,808
Net equity adjustments from common control business combinations	9,354,060	9,354,060
Arising from net sale (acquisition) of non-controlling interests (see Note 2)	(4,739,695)	(4,743,968)
<u>As presented in the consolidated balance sheets</u>	<u>₱38,164,173</u>	<u>₱38,159,900</u>

Retained Earnings

In 2024, the BOD approved the declaration of cash dividend of ₱0.346 per share or ₱9,992 million to stockholders of record as of May 8, 2024, ₱8 million of which was received by SMDC. This was paid on May 22, 2024. In 2023, the BOD approved the declaration of cash dividend of ₱0.237 per share or ₱6,844 million to stockholders of record as of May 10, 2023, ₱5 million of which was received by SMDC. This was paid on May 24, 2023. In 2022, the BOD approved the declaration of cash dividend of ₱0.097 per share or ₱2,801 million to stockholders of record as of May 11, 2022, ₱2 million of which was received by SMDC. This was paid on May 24, 2022.

On December 9, 2024, the Company’s BOD approved the appropriation of retained earnings amounting to ₱100,000 million. On the same date, the BOD approved the reversal of appropriated retained earnings amounting to ₱42,200 million.

As at December 31, 2024 and 2023, the retained earnings appropriated amounted to ₱100,000 million and ₱42,200 million, respectively, for planned construction projects and land banking activities. This represents a continuing appropriation to cover the Company’s capital expenditures. Approval of expansions and new projects is delegated by the BOD to the Executive Committee of the Company.

The unappropriated retained earnings account is restricted for the payment of dividends to the extent of the accumulated equity in net earnings of subsidiaries, associates and joint ventures and the balance of treasury stock until such time that the Parent Company receives the dividends from its subsidiaries, associates and joint ventures. The retained earnings available for dividend declaration amounted to ₱77,131 million and ₱115,550 million as at December 31, 2024 and 2023, respectively.

Treasury Stock

As at December 31, 2024 and 2023, this includes 4,310 million reacquired capital stock and shares held by a subsidiary stated at acquisition cost of ₱2,985 million.

19. Related Party Transactions

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. Related parties may be individuals or corporate entities.



Terms and Conditions of Transactions with Related Parties

There have been no guarantees/collaterals provided or received for any related party receivables or payables. For the years ended December 31, 2024 and 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Settlement of the outstanding balances normally occur in cash. The Company has approval process and established limits when entering into material related party transactions.

The significant transactions entered into by the Company with its related parties and the amounts included in the accompanying consolidated financial statements with respect to these transactions follow:

	Amount of Transactions			Outstanding Amount [Asset (Liability)]		Terms	Conditions
	2024	2023	2022	2024	2023		
(In Thousands)							
Ultimate Parent							
Rent income	₱75,287	₱69,449	₱64,092	₱–	₱–		
Rent receivable	–	–	–	9,752	7,899	Non-interest bearing	Unsecured; not impaired
Other revenue	36,504	36,414	35,017	–	–		
Other receivable	–	–	–	3,832	2,912	Non-interest bearing	Unsecured; not impaired
Rent expense	67,362	86,787	69,755	–	–		
Trade payable	–	–	–	(72,330)	(34,882)	Non-interest bearing	Unsecured
Dividend income	1,315	1,096	913	–	–		
Equity instruments at FVOCI	–	–	–	131,348	127,403		
Banking and Retail Group							
Cash and cash equivalents	166,265,094	123,293,354	122,886,066	28,105,695	23,451,912	Interest bearing based on prevailing rates	Unsecured; not impaired
Rent income	18,656,542	17,707,839	15,391,640	–	–		
Rent receivable	–	–	–	3,612,659	3,388,569	Non-interest bearing	Unsecured; not impaired
Other revenue	–	90	419	–	–		
Other receivable	–	–	–	8,584	9,355	Non-interest bearing	Unsecured; not impaired
Interest income	1,208,452	1,231,347	664,264	–	–		
Accrued interest receivable	–	–	–	204,768	197,130	Non-interest bearing	Unsecured; not impaired
Dividend income	405,110	324,088	203,455	–	–		
Equity instruments at FVOCI	–	–	–	15,556,215	14,097,820		
Escrow and time deposits	355,967	373,065	196,272	1,351,950	1,277,880	Interest bearing and based on prevailing rates	Unsecured; not impaired
Receivable financed	6,966,786	4,130,907	–	–	–	Without recourse	Unsecured
Loans payable and long-term debt	20,500,000	4,496,888	12,521,075	(28,065,587)	(20,746,834)	Interest bearing	Unsecured
Interest expense	1,436,293	1,716,133	668,384	–	–		
Accrued interest payable	–	–	–	(211,032)	(176,640)	Non-interest bearing	Unsecured
Other expense	225,640	220,182	195,876	–	–		
Trade payable	–	–	–	(124,317)	(159,999)	Non-interest bearing	Unsecured
Other Related Parties							
Rent income	437,784	392,116	314,324	–	–		
Rent receivable	–	–	–	82,581	74,676	Non-interest bearing	Unsecured; not impaired
Other revenue	92,745	90,652	121,004	–	–		
Other receivable	–	–	–	46,031	26,117	Non-interest bearing	Unsecured; not impaired
Rent expense	565	663	410	–	–		
Trade payable	–	–	–	(23,742)	(10,772)	Non-interest bearing	Unsecured



Banking and retail entities and other related parties are affiliate that is neither a parent, subsidiary, nor an associate, with stockholders common to the SM Group or under common control.

Below are the nature of the Company's transactions with the related parties:

Rent

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

Other Revenue

The Company provides management, manpower and other related services.

Dividend Income

The Company's equity instruments at FVOCI of certain affiliates earn income upon the declaration of dividends by the investees.

Cash Placements and Loans

The Company has certain bank accounts and cash placements that are maintained with the banking group. Such accounts earn interest based on prevailing market interest rates (see Note 6).

The Company also availed of bank loans and long-term debt from the banking group and pays interest based on prevailing market interest rates (see Notes 15 and 17).

The Company also entered into financing arrangements with the banking group. There were no assigned receivables on a with recourse basis to the banking group in 2024 and 2023 (see Note 7).

Others

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

Compensation of Key Management Personnel

The aggregate compensation and benefits related to key management personnel for the years ended December 31, 2024, 2023 and 2022 consist of short-term employee benefits amounting to ₱1,531 million, ₱1,495 million and ₱1,130 million, respectively, and post-employment benefits (pension benefits) amounting to ₱222 million, ₱298 million and ₱243 million, respectively.

20. Other Revenues

Details of other revenues follows:

	2024	2023	2022
	<i>(In Thousands)</i>		
Cinema and event ticket sales	₱4,773,138	₱4,020,155	₱2,689,404
Merchandise sales	3,641,275	3,263,194	564,978
Food and beverages	2,661,034	2,339,039	1,786,358
Amusement income	1,328,655	1,337,200	1,093,416
Bowling and ice skating fees	473,092	407,118	335,452
Others (see Note 19)	2,935,162	2,576,469	2,025,600
	₱15,812,356	₱13,943,175	₱8,495,208

Others include advertising income, service fees, parking terminal, sponsorships, commissions and membership revenue.



21. Costs and Expenses

This account consists of:

	2024	2023	2022
	<i>(In Thousands)</i>		
Cost of real estate sold (see Note 8)	₱19,140,525	₱16,660,910	₱16,898,568
Administrative (see Note 23)	17,720,115	17,450,432	12,423,180
Depreciation and amortization (see Notes 11 and 12)	15,037,788	13,656,773	12,487,763
Marketing and selling	6,568,920	7,056,076	5,438,162
Business taxes and licenses	6,126,914	5,303,596	4,658,425
Film rentals	2,538,310	2,036,632	1,399,271
Rent (see Notes 19 and 25)	1,414,534	1,324,430	1,130,559
Insurance	470,513	634,148	541,200
Others	3,336,135	2,695,303	1,565,194
	₱72,353,754	₱66,818,300	₱56,542,322

Administrative expenses include utilities, security, janitorial and other outsourced services. Rent expense pertain to variable payments for various lease agreements. Others include bank charges, donations, dues and subscriptions, services fees and transportation and travel.

22. Interest Income and Interest Expense

The details of the sources of interest income and interest expense follow:

	2024	2023	2022
	<i>(In Thousands)</i>		
Interest income on:			
Cash and cash equivalents (see Note 6)	₱1,418,363	₱1,450,318	₱1,070,051
Escrow and time deposits (see Note 14)	111,485	62,574	100,034
Others (see Note 7)	171,400	232,335	149,253
	₱1,701,248	₱1,745,227	₱1,319,338
	2024	2023	2022
	<i>(In Thousands)</i>		
Interest expense on:			
Long-term debt (see Note 17)	₱13,194,308	₱12,988,734	₱11,288,049
Loans payable (see Note 15)	661,599	257,559	159,904
Others (see Note 7)	78,117	716,978	17,834
	₱13,934,024	₱13,963,271	₱11,465,787

23. Pension Benefits

The Company has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The latest actuarial valuation report is as at December 31, 2024.



The following tables summarize the components of the pension plan as at December 31:

Net Pension Cost (included under “Costs and expenses” account under “Administrative”)

	2024	2023	2022
		<i>(In Thousands)</i>	
Current service cost	₱475,599	₱427,647	₱377,990
Past service cost	—	8,897	—
Interest - net	55,459	59,301	28,911
	₱531,058	₱495,845	₱406,901

Net Pension Asset (included under “Other noncurrent assets” account)

	2024	2023
	(In Thousands)	
Fair value of plan assets	₱802,116	₱173,807
Defined benefit obligation	(726,507)	(87,475)
Effect of asset ceiling limit	(19,792)	(19,166)
Net pension asset	₱55,817	₱67,166

Net Pension Liability (included under “Other noncurrent liabilities” account)

	2024	2023
	(In Thousands)	
Defined benefit obligation	₱4,126,138	₱4,672,036
Fair value of plan assets	(3,471,972)	(3,461,552)
Net pension liability	₱654,166	₱1,210,484

The changes in the present value of the defined benefit obligation are as follows:

	2024	2023
	(In Thousands)	
Balance at beginning of the year	₱4,759,511	₱4,107,352
Interest cost	293,221	290,807
Current service cost	475,599	427,647
Past service cost	—	8,897
Actuarial loss (gain) on:		
Experience adjustments	337,380	125,692
Changes in demographic assumptions	29,477	8,277
Changes in financial assumptions	(819,782)	(44,553)
Benefits paid	(226,213)	(183,908)
Transfers	3,452	19,300
Balance at end of the year	₱4,852,645	₱4,759,511



The changes in the fair value of plan assets are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Balance at beginning of year	₱3,635,359	₱3,072,217
Contributions	694,616	570,379
Interest income	238,934	233,738
Transfers	3,452	19,300
Benefits paid	(226,213)	(183,908)
Remeasurement loss	(72,060)	(76,367)
Balance at end of year	₱4,274,088	₱3,635,359

The changes in the effect of asset ceiling limit are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Balance at beginning of year	₱19,166	₱30,264
Interest cost	1,172	2,232
Remeasurement loss	(546)	(13,330)
Balance at end of year	₱19,792	₱19,166

The carrying amounts of the plan assets below equal to its fair values as at December 31, 2024 and 2023.

	2024	2023
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱134,865	₱17,789
Investments in:		
Government securities	2,217,294	1,948,988
Common trust funds	1,591,698	1,267,811
Debt and other securities	297,279	373,905
Other financial assets	32,952	26,866
	₱4,274,088	₱3,635,359

- Cash and cash equivalents include regular savings and time deposits;
- Investments in government securities consist of retail treasury bonds which earn interest based on the prevailing market rates and have maturities ranging from 2026 to 2034;
- Investments in common trust funds pertain to unit investment trust fund;
- Investments in debt and other securities consist of short-term and long-term corporate loans, notes and bonds which earn interest based on the prevailing market rates and have maturities ranging from 2025 to 2029; and
- Other financial assets include accrued interest income on cash deposits held by the Retirement Plan.

Debt and other securities and government securities have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse instruments and do not have any concentration of risk.



The following table summarizes the outstanding balances and transactions of the pension plan as at and for the years ended December 31:

	2024	2023
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱134,865	₱17,789
Interest income from cash and cash equivalents	2,962	2,278
Investments in common trust funds	1,591,698	1,267,811
Gain from investments in common trust funds	50,467	73,208

The principal assumptions used in determining pension obligations for the Company's plan are shown below:

	2024	2023
Discount rate	6.0%–6.1%	6.0%–6.4%
Future salary increases	3.0%–6.0%	3.0%–10.0%

Remeasurement effects recognized in OCI at December 31 follow:

	2024	2023	2022
	<i>(In Thousands)</i>		
Actuarial loss (gain)	(₱380,865)	₱165,783	₱414,084
Remeasurement loss (gain) - excluding amounts recognized in net interest cost	(546)	(13,330)	3,585
	(₱381,411)	₱152,453	₱417,669

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023, respectively, assuming all other assumptions were held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
2024	<i>(In Thousands)</i>	
Discount rates	100	(₱297,165)
	(100)	340,850
Future salary increases	100	338,292
	(100)	(301,410)
2023		
Discount rates	100	(₱340,764)
	(100)	392,738
Future salary increases	100	383,921
	(100)	(340,136)

The Company and the pension plan has no specific matching strategies between the pension plan assets and the defined benefit obligation under the pension plan.



Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2024 and 2023, respectively:

Year 2024	Amount
	<i>(In Thousands)</i>
2025	₱1,443,278
2026	450,807
2027–2028	906,840
2029–2034	3,486,189
Year 2023	Amount
	<i>(In Thousands)</i>
2024	₱1,100,326
2025	422,482
2026–2027	886,111
2028–2033	3,518,907

The Company expects to contribute about ₱775 million to its defined benefit pension plan in 2025.

The weighted average duration of the defined benefit obligation is 7.7 years and 7.9 years as of December 31, 2024 and 2023, respectively.

24. Income Tax

The current provision for income tax presented in the consolidated statements of income represents RCIT and MCIT.

The details of the Company's deferred tax assets and liabilities are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Deferred tax assets:		
Lease liabilities	₱2,096,231	₱2,118,078
NOLCO	2,153,337	1,352,600
Excess of fair value over cost of investment properties	500,095	523,436
Unrealized foreign exchange losses	409,533	408,343
Excess MCIT over RCIT	504,076	276,526
Unamortized past service cost	58,881	43,969
Provision for ECLs on receivables	21,875	21,624
Others	303,036	584,606
	6,047,064	5,329,182
Deferred tax liabilities:		
Unrealized gross profit on sale of real estate	(13,397,984)	(11,190,690)
Undepreciated capitalized interest	(3,161,603)	(3,264,860)
ROUA	(1,537,389)	(1,633,055)
Pension asset	(24,475)	(23,770)
Unrealized foreign exchange gains	(53)	(9,945)
Others	(214,540)	(172,599)
	(18,336,044)	(16,294,919)
Net deferred tax liabilities	(₱12,288,980)	(₱10,965,737)



The net deferred tax assets and liabilities are presented in the consolidated balance sheets as follows:

	2024	2023
	<i>(In Thousands)</i>	
Deferred tax assets - net	₱1,634,307	₱1,492,359
Deferred tax liabilities - net	(13,923,287)	(12,458,096)
	(₱12,288,980)	(₱10,965,737)

The reconciliation between the statutory tax rates and the effective tax rates on income before income tax as shown in the consolidated statements of income follows:

	2024	2023	2022
Statutory tax rate	25.00%	25.00%	25.00%
Income tax effects of:			
Equity in net earnings of associates and joint ventures	(0.90)	(1.08)	(1.11)
Interest income subjected to final tax and dividend income exempt from income tax	(0.98)	(0.84)	(0.73)
Others - net	(4.99)	(5.07)	(2.57)
Effective tax rates	18.13%	18.01%	20.59%

Applying the provisions of the Corporate Recovery and Tax Incentives for Enterprises Act, the Company have been subjected to the lower tax rate of 15% optional standard deduction (OSD) to 25% (itemized deduction) of taxable income and 1% MCIT of gross income for 3 years or until June 30, 2023.

The Company's certain real estate sales are registered with the Philippine Board of Investments as a new developer of low-cost mass housing projects. Under such registration, the Company is entitled to a three to four-year income tax holiday incentive for certain projects until 2025-2026.

25. Lease Agreements

Company as Lessor

The Company's lease agreements with its mall and commercial property tenants are generally granted for a term of one year, with the exception of some of the larger tenants operating nationally, which are granted initial lease terms of 5 years for mall tenants and 2 to 20 years for commercial property tenants, renewable on an annual basis thereafter. At the inception of the lease agreement, tenants are required to pay certain amounts of deposits. At the termination of the lease contracts, the deposits received by the Company are returned to tenants, reduced by unpaid rental fees, penalties and/or deductions from repairs of damaged leased properties, if any. Tenants likewise pay either a fixed monthly rent, which is calculated by reference to a fixed sum per square meter of area leased, or pay rent on a percentage rental basis, which comprises of a basic monthly amount and a percentage of gross sales or a minimum set amount, whichever is higher.



The Company's future minimum rent receivables for the noncancellable portions of the operating leases follow:

	2024	2023
	<i>(In Thousands)</i>	
Within one year	₱6,169,363	₱6,311,967
After one year but not more than five years	10,138,289	10,974,649
After more than five years	6,517,536	6,717,996
	₱22,825,188	₱24,004,612

Consolidated rent income amounted to ₱78,674 million, ₱72,114 million and ₱58,244 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Company as Lessee

The Company leases certain parcels of land where some of its malls are situated or constructed. The terms of the lease are for periods ranging from 10 to 65 years, renewable for the same period under the same terms and conditions. Rental payments are generally computed based on a certain percentage of the gross rental income or a certain fixed amount, whichever is higher. The Company also has various lease commitments with third party and related parties with noncancellable periods ranging from 5 to 30 years, mostly containing renewal options. Several lease contracts provide for the payment of additional rental based on certain percentage of sales of the tenants.

Amounts recognized in the consolidated statements of income follow:

	2024	2023	2022
	<i>(In Thousands)</i>		
Rent expense (see Note 21)	₱1,414,534	₱1,324,430	₱1,130,559
Depreciation on ROUA (see Notes 11, 12 and 21)	830,528	759,413	818,583
Interest expense on lease liabilities (see Note 16)	335,730	365,867	436,656
	₱2,580,792	₱2,449,710	₱2,385,798

The maturity analysis of the undiscounted lease payments as at December 31, 2024 and 2023, respectively, are presented in Note 26 to the consolidated financial statements.

26. Financial Risk Management Objectives and Policies

The Company's principal financial instruments, other than derivatives, comprise of cash and cash equivalents, accrued interest and other receivables, equity instruments at FVOCI and bank loans. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Company also enters into derivative transactions, principally, cross currency swaps, principal only swaps, interest rate swaps, foreign exchange forward swaps and non-deliverable forwards. The purpose is to manage the interest rate and foreign currency risks arising from the Company's operations and its sources of finance (see Note 27).



The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and equity price risk. The Company's BOD and management review and agree on the policies for managing each of these risks and they are summarized in the following tables.

Interest Rate Risk

The Company's policy is to manage its interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, it enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to economically hedge underlying debt obligations. As at December 31, 2024 and 2023, after considering the effect of interest rate swaps, approximately 70% and 78%, respectively, of its long-term borrowings, are at a fixed rate of interest (see Note 27).



The following tables set out the carrying amount, by maturity, of the Company's long-term financial liabilities that are exposed to interest rate risk as at December 31, 2024 and 2023:

		2024					Total
	Interest Rate	1-<2 Years	2-<3 Years	3-<4 Years	4-<5 Years	=>5 Years	
Philippine peso-denominated loans	BVAL+margin%	₱5,740,000	₱11,635,000	₱13,623,750	₱23,490,000	₱10,467,500	₱64,956,250
U.S. dollar-denominated loans	SOFR + spread	\$100,000	\$200,000	\$50,000	–	\$280,000	37,405,183
China yuan renminbi-denominated loans	LPR	¥248,957	¥368,623	¥163,283	¥21,102	¥413,556	9,632,512
							111,993,945
Less debt issue cost							632,035
							₱111,361,910
		2023					Total
	Interest Rate	1-<2 Years	2-<3 Years	3-<4 Years	4-<5 Years	=>5 Years	
Philippine peso-denominated loans	BVAL+margin%	₱101,250	₱5,740,000	₱11,635,000	₱14,123,750	₱18,557,500	₱50,157,500
U.S. dollar-denominated loans	LIBOR + spread	–	\$100,000	\$200,000	\$100,000	–	22,148,006
China yuan renminbi-denominated loans	LPR	¥168,491	¥277,650	¥366,851	¥156,564	¥212,838	9,221,027
							81,526,533
Less debt issue cost							475,556
							₱81,050,977



Interest Rate Risk Sensitivity Analysis. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the Company's income before income tax.

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax <i>(In Thousands)</i>
2024	100	(₱64,973)
	50	(32,487)
	(100)	64,973
	(50)	32,487
2023	100	(₱66,447)
	50	(33,223)
	(100)	66,447
	(50)	33,223

Fixed rate debts, although subject to fair value interest rate risk, are not included in the sensitivity analysis as these are carried at amortized costs. The assumed movement in basis points for interest rate sensitivity analysis is based on currently observable market environment, showing a significantly higher volatility as in prior years.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's policy is to manage its foreign currency risk mainly from its debt issuances which are denominated in U.S. dollars by entering into foreign currency swap contracts, cross currency swaps, principal only swaps and nondeliverable forwards aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flow.

The Company's foreign currency-denominated monetary net assets amounted to US\$15 million (₱849 million) as at December 31, 2024 and US\$18 million (₱1,003 million) as at December 31, 2023

In translating the foreign currency-denominated monetary assets and liabilities to peso amounts, the exchange rates used were ₱57.85 to US\$1.00 and ₱55.37 to US\$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2024 and 2023, respectively.

Foreign Currency Risk Sensitivity Analysis. The following table demonstrates the sensitivity to a reasonably possible change in U.S. dollar to Philippine peso exchange rate with all other variables held constant, of the Company's income before income tax (due to changes in the fair value of monetary assets, including the impact of derivative instruments). There is no impact on the Company's equity.

	Appreciation (Depreciation) of \$	Effect on Income Before Tax <i>(In Thousands)</i>
2024	1.50	₱22,018
	1.00	14,678
	(1.50)	(₱22,018)
	(1.00)	(14,678)



	Appreciation (Depreciation) of \$	Effect on Income Before Tax
		(In Thousands)
2023	1.50	₱27,173
	1.00	18,115
	(1.50)	(₱27,173)
	(1.00)	(18,115)

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments or that a market for derivatives may not exist in some circumstance.

The Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Company intends to use internally generated funds and proceeds from debt and equity issues.

As part of its liquidity risk management program, the Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans and debt capital and equity market issues.

The Company's financial assets, which have maturities of less than 12 months and used to meet its short-term liquidity needs, include cash and cash equivalents and equity instruments at FVOCI amounting to ₱31,246 million and ₱794 million, respectively, as at December 31, 2024 and ₱31,817 million and ₱748 million, respectively, as at December 31, 2023 (see Notes 6 and 9). The Company also has readily available credit facility with banks and affiliates to meet its long-term financial liabilities.

The tables below summarize the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments as at December 31:

	2024			Total
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	
	(In Thousands)			
Loans payable	₱17,363,627	₱—	₱—	₱17,363,627
Accounts payable and other current liabilities*	89,692,528	—	—	89,692,528
Long-term debt (including current portion and interest)	104,984,257	267,950,576	52,683,137	425,617,970
Derivative liabilities	—	50,447	—	50,447
Tenants' deposits - net of current portion**	—	5,703,091	21,120,824	26,823,915
Lease liabilities	889,112	3,547,030	26,976,527	31,412,669
Other noncurrent liabilities***	—	11,052,060	2,086,718	13,138,778
	₱212,929,524	₱288,303,204	₱102,867,206	₱604,099,934

	2023			Total
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	
	(In Thousands)			
Loans payable	₱4,384,368	₱—	₱—	₱4,384,368
Accounts payable and other current liabilities*	83,479,886	—	—	83,479,886
Long-term debt (including current portion and interest)	84,426,637	301,795,119	34,890,709	421,112,465
Derivative liabilities	7,423	265,013	—	272,436
Tenants' deposits - net of current portion**	—	24,736,578	269,391	25,005,969
Lease liabilities	874,205	3,539,853	27,505,845	31,919,903
Other noncurrent liabilities***	—	9,039,445	2,103,661	11,143,106
	₱173,172,519	₱339,376,008	₱64,769,606	₱577,318,133

* Excluding nonfinancial liabilities and lease liabilities amounting to ₱14,097 million and ₱15,598 million as at December 31, 2024 and 2023, respectively.

** Excluding residential customers' deposits amounting to ₱3,705 million and ₱296 million as at December 31, 2024 and 2023, respectively.

*** Excluding nonfinancial liabilities and lease liabilities amounting to ₱30,233 million and ₱28,235 million as at December 31, 2024 and 2023, respectively.



Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments (see Notes 6, 7, 9, 10 and 14).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The fair values of these financial assets are disclosed in Note 27. For receivables from real estate sale, the title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Company evaluates the concentration of risk with respect to trade receivables and unbilled revenue from sale of real estate as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

As at December 31, 2024 and 2023, the financial assets, except for certain receivables, are generally viewed by management as good and collectible considering the credit history of the counterparties (see Note 7). Past due or impaired financial assets are very minimal in relation to the Company's consolidated total financial assets.

Credit Quality of Financial Assets. The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High Quality. Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.

As at December 31, 2024 and 2023, the credit quality of the Company's financial assets is as follows:

	2024			
	Neither Past Due nor Impaired			
	High Quality	Standard Quality	Past Due	Total
	(In Thousands)			
Financial assets at amortized cost				
Cash and cash equivalents*	₱31,135,445	₱—	₱—	₱31,135,445
Receivables**	232,934	18,760,660	19,097,928	38,091,522
Escrow and time deposits (included under “Other noncurrent assets”)	3,803,029	—	—	3,803,029
Financial assets at FVTPL				
Derivative assets	4,770,827	—	—	4,770,827
Financial assets at FVOCI				
Equity instruments	21,181,916	5,317	—	21,187,233
	₱61,124,151	₱18,765,977	₱19,097,928	₱98,988,056

* Excluding cash on hand amounting to ₱111 million

** Excluding nonfinancial assets amounting to ₱54,415 million



	2023			Total
	Neither Past Due nor Impaired		Past Due	
	High Quality	Standard Quality	but not Impaired	
(In Thousands)				
Financial assets at amortized cost				
Cash and cash equivalents*	₱31,691,014	₱—	₱—	₱31,691,014
Receivables**	201,498	12,928,120	19,524,538	32,654,156
Cash in escrow (included under “Other noncurrent assets”)	3,656,453	—	—	3,656,453
Financial assets at FVTPL				
Derivative assets	5,524,044	—	—	5,524,044
Financial assets at FVOCI				
Equity instruments	20,312,735	5,317	—	20,318,052
	₱61,385,744	₱12,933,437	₱19,524,538	₱93,843,719

* Excluding cash on hand amounting to ₱126 million

** Excluding nonfinancial assets amounting to ₱44,298 million

Equity Price Risk

Equity price risk arises from the changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

As a policy, management monitors its equity price risk pertaining to its investments in quoted equity securities which are classified as equity instruments designated at FVOCI in the consolidated balance sheets based on market expectations. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

The effect on equity after income tax (as a result of change in fair value of equity instruments at FVOCI as at December 31, 2024 and 2023) due to a possible change in equity indices, based on historical trend of PSE index, with all other variables held constant is as follows:

	2024	
	Change in Equity Price	Effect on Equity
		<i>(In Millions)</i>
Equity instruments at FVOCI	+1.09%	₱242
	-1.09%	(242)
	2023	
	Change in Equity Price	Effect on Equity
		<i>(In Millions)</i>
Equity instruments at FVOCI	+1.63%	₱298
	-1.63%	(298)

Capital Management

Capital includes equity attributable to the owners of the Parent.

The primary objective of the Company’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 Company 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 Company may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Company monitors capital using the gearing ratio below as at December 31:

Net Interest-bearing Debt to Total Capital plus Net Interest-bearing Debt

	2024	2023
	<i>(In Thousands)</i>	
Loans payable	₱17,312,356	₱4,288,964
Current portion of long-term debt	89,287,442	67,746,351
Long-term debt - net of current portion	283,320,341	294,622,256
Less cash and cash equivalents	(31,246,171)	(31,816,802)
Total net interest-bearing debt (a)	358,673,968	334,840,769
Total equity attributable to equity holders of the parent	433,093,072	396,196,619
Total net interest-bearing debt and equity attributable to equity holders of the parent (b)	₱791,767,040	₱731,037,388
Gearing ratio (a/b)	45%	46%

27. Financial Instruments

Fair Values

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities and nonfinancial assets, by category and by class, other than those whose carrying values are reasonable approximations of fair values, as at December 31:

	December 31, 2024				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	<i>(In Thousands)</i>				
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	₱4,770,827	₱4,770,827	₱—	₱4,770,827	₱—
Financial assets at amortized cost:					
Escrow and time deposits (included under “Other noncurrent assets”)	3,803,029	3,886,915	—	3,886,915	—
Financial assets at FVOCI:					
Equity instruments	21,187,233	21,187,233	21,181,916	—	5,317
Nonfinancial Assets* (see Note 12)	601,339,921	2,419,846,377	—	—	2,419,846,377
	₱631,101,010	₱2,449,691,352	₱21,181,916	₱8,657,742	₱2,419,851,694
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱50,447	₱50,447	₱—	₱50,447	₱—
Loans and borrowings:					
Long-term debt - net of current portion	283,320,341	274,954,185	—	—	274,954,185
Tenants’ deposits - net of current portion**	26,823,915	26,464,167	—	—	26,464,167
Other noncurrent liabilities***	13,138,778	13,064,037	—	—	13,064,037
	₱323,333,481	₱314,532,836	₱—	₱50,447	₱314,482,389

*Consists of investment properties

**Excluding residential customers’ deposits amounting to ₱3,705 million as at December 31, 2024.

***Excluding lease liabilities and nonfinancial liabilities amounting to ₱30,233 million as at December 31, 2024.



December 31, 2023					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
(In Thousands)					
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	P5,524,044	P5,524,044	P—	P5,524,044	P—
Financial assets at amortized cost:					
Escrow and time deposits (included under “Other noncurrent assets”)	3,656,453	3,694,879	—	3,694,879	—
Financial assets at FVOCI:					
Equity instruments	20,318,052	20,318,052	20,312,735	—	5,317
Nonfinancial Assets* (see Note 12)	545,074,746	2,091,266,866	—	—	2,091,266,866
	P574,573,295	P2,120,803,841	P20,312,735	P9,218,923	P2,091,272,183
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P272,436	P272,436	P—	P272,436	P—
Loans and borrowings:					
Long-term debt - net of current portion	294,622,256	283,353,643	—	—	283,353,643
Tenants’ deposits - net of current portion**	25,005,969	24,585,217	—	—	24,585,217
Other noncurrent liabilities***	11,143,107	10,997,477	—	—	10,997,477
	P331,043,768	P319,208,773	P—	P272,436	P318,936,337

*Consists of investment properties

**Excluding residential customers’ deposits amounting to P296 million as at December 31, 2023.

***Excluding lease liabilities and nonfinancial liabilities amounting to P28,235 million as at December 31, 2023.

Fair Value Hierarchy

The Company uses the fair value hierarchy discussed in Note 3 for determining and disclosing the fair value of financial instruments.

During the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Derivative Instruments. The fair values are based on quotes obtained from counterparties.

Escrow and Time Deposits The fair values are based on the discounted value of future cash flows using the prevailing market rates.

Equity Instruments at FVOCI. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business.

Long-term Debt. Fair value is based on the following:

Debt Type	Fair Value Assumptions
Fixed Rate Loans	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used is based on the prevailing market rate as at December 31, 2024 and 2023.



Debt Type	Fair Value Assumptions
Variable Rate Loans	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans that re-price every six months, the fair value is determined by discounting the principal amount plus the next interest payment amount using the prevailing market rate as at December 31, 2024 and 2023 up to the next repricing date. Discount rates used is based on the prevailing market rate.

Tenants' Deposits, Liability for Purchased Land and Other Noncurrent Liabilities. The estimated fair value is based on the discounted value of future cash flows using the applicable rates. The discount rates used range from 1.08% to 7.03% and 2.08% to 6.91% as at December 31, 2024 and 2023, respectively.

The Company assessed that the carrying values of cash and cash equivalents, receivables, bank loans and accounts payable and other current liabilities approximate their fair values due to the short-term nature and maturities of these financial instruments.

There were no financial instruments subject to an enforceable master netting arrangement that were not set-off in the consolidated balance sheets.

Nonfinancial Assets. The significant assumptions used in the most recent valuation as at December 31, 2024 and 2021 are discount rates of 9% to 10% and 8.00% to 9.00%, respectively, and average growth rate of 5.00%. Fair values based on market approach were assessed using sales comparison of similar asset.

Derivative Instruments Accounted for as Cash Flow Hedges

As at December 31, 2024, details of outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency denominated debts as follow:

	December 31, 2024					
	Notional Amount	Agreed Equivalent	Fair Value	Swap Rate	Interest Rate	Maturity
	<i>(In Thousands)</i>					
Interest Rate Swaps	\$670,000	₱–	₱1,629,075	₱–	2.29%-2.66%	2025-2026
Foreign Exchange Forward Swaps	\$800,000	₱45,118,895	1,622,679	₱55.28-₱60.39	–	2025-2026
Principal Only Swaps	\$220,000	¥1,434,535	821,749	¥6.47-¥6.68	–	2026-2027
Cross Currency Swaps	\$280,000	¥1,991,925	646,877	¥7.09-¥7.13	3.39%-3.46%	2029
			₱4,720,380			
	December 31, 2023					
	Notional Amount	Agreed Equivalent	Fair Value	Swap Rate	Interest Rate	Maturity
	<i>(In Thousands)</i>					
Interest Rate Swaps	\$670,000	₱–	₱2,803,247	–	2.29%-2.66%	2025-2026
Cross Currency Swaps	\$150,000	₱7,276,500	1,096,049	₱48.50-₱48.52	3.64%-3.70%	2024
Cross Currency Swaps	\$286,000	¥1,919,208	962,344	¥6.69-¥6.72	3.86%-3.97%	2024
Principal Only Swaps	\$270,000	¥1,753,285	281,166	¥6.38-¥6.68	–	2026-2027
Foreign Exchange Forward Swaps	\$800,000	₱44,725,405	108,802	₱53.94-₱60.39	–	2024-2026
			₱5,251,608			



As the term of the swaps have been negotiated to match the terms of the hedged loans, the hedges were assessed to be effective.

The net movements in fair value of all derivative instruments are as follows:

	December 31, 2024	December 31, 2023
	<i>(In Thousands)</i>	
Balance at beginning of period	₱5,251,608	₱7,024,421
Net changes in fair value during the period*	1,803,201	(1,206,733)
Fair value of settled derivatives	(2,334,429)	(566,080)
Balance at end of year	₱4,720,380	₱5,251,608

*Includes fair value changes recognized in the consolidated statement of income under "Others – net".

28. EPS Computation

Basic/diluted EPS is computed as follows:

	2024	2023	2022
	<i>(In Thousands, Except Per Share Data)</i>		
Net income attributable to equity holders of the parent (a)	₱45,631,764	₱40,010,501	₱30,099,799
Common shares issued (see Note 18)	33,166,300	33,166,300	33,166,300
Less weighted average number treasury stock (see Note 18)	4,309,888	4,309,888	4,309,888
Weighted average number of common shares outstanding (b)	28,856,412	28,856,412	28,856,412
Earnings per share (a/b)	₱1.581	₱1.387	₱1.043

29. Change in Liabilities Arising from Financing Activities

Movements in loans payable, long-term debt and lease liabilities accounts are as follows (see Notes 15, 16 and 17):

	2024			2023		
	Loans Payable	Long-term Debt	Lease Liabilities	Loans Payable	Long-term Debt	Lease Liabilities
	<i>(In Thousands)</i>					
Balance at beginning of year	₱4,288,964	₱362,368,607	₱13,313,112	₱5,422,524	₱346,974,612	₱13,473,170
Availments	86,630,583	78,970,654	–	28,516,941	83,045,972	–
Payments	(73,673,067)	(72,198,246)	(897,760)	(29,563,823)	(66,701,374)	(874,140)
Cumulative translation adjustment and foreign exchange movement	65,876	3,466,768	–	(86,678)	(950,603)	–
Others	–	–	734,938	–	–	714,082
Balance at end of year	₱17,312,356	₱372,607,783	₱13,150,290	₱4,288,964	₱362,368,607	₱13,313,112

There are no non-cash changes in accrued interest and dividends payable.

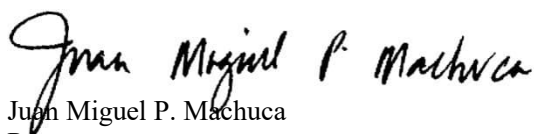


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, Pasay City
Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SM Prime Holdings, Inc. and Subsidiaries (the Company) as at December 31, 2024, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 17, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-140-2024, February 28, 2024, valid until February 27, 2027

PTR No. 10465328, January 2, 2025, Makati City

February 17, 2025



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES
December 31, 2024

Annex A. Reconciliation of Retained Earnings Available for Dividend Declarations

Annex B. Supplementary Schedules required by Revised SRC Rule 68, Part II Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

Annex C. Map of Relationship of the Companies within the Group

ANNEX A

SM Prime Holdings, Inc.
7/F MOA Square, Seashell Lane Cor. Coral Way,
Mall of Asia Complex, Brgy. 76 Zone 10, CBP-1A, Pasay City 1300

Reconciliation of Retained Earnings Available for Dividend Declaration December 31, 2024

Unappropriated Retained Earnings as at January 1, 2024	₱115,549,909
Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation	42,200,000
Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(9,992,214)
Retained Earnings appropriated during the reporting period	<u>(100,000,000)</u> (109,992,214)
Unappropriated Retained Earnings, as adjusted	47,757,695
Add: Net Income for the current year	45,230,296
Less: <u>Category C.1</u>: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of subsidiaries, associates and joint ventures, net of dividends declared	(15,875,156)
Add: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement in deferred tax asset	(103)
Net movement in deferred tax asset and deferred tax liabilities related to set-up of right of use assets and lease liabilities	<u>17,899</u>
Subtotal	<u>(15,857,360)</u>
Total Retained Earnings as at December 31, 2024 available for dividend declaration	<u>₱77,130,631</u>

ANNEX B

SM Prime Holdings, Inc.
7/F MOA Square, Seashell Lane cor. Coral Way,
Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City 1300

Supplementary Schedules As Required by SRC Rule 68, Annex 68-J
December 31, 2024

Schedule A: Financial Assets

Name of issuing Entity and association of each issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Income Received and Accrued
Financial Assets at Amortized Cost*			
Temporary investments:			
BDO Unibank, Inc. (BDO)	₱25,337,636	₱25,337,636	
China Banking Corporation (CHIB)	₱725,535	725,535	
Industrial and Commercial Bank of China (ICBC)	¥400	3,170	
Bank of China	¥70,000	554,722	
Metrobank (China) Limited Xiamen Branch	¥20,000	158,492	
Others	₱70,227	70,227	
Escrow and time deposits on hold (under Other Noncurrent Assets)			
ICBC	¥309,300	2,451,079	
BDO	₱647,462	647,462	
CHIB	₱704,488	704,488	
		₱30,652,811	₱1,521,916
*Excluding cash on hand and in banks			
Financial Assets at Fair Value through Profit or Loss			
Derivative assets	₱4,770,827	₱4,770,827	₱—
Financial Assets at Fair Value through Other Comprehensive Income			
BDO Unibank, Inc.	108,029,274 shares	₱15,556,215	
Ayala Corporation	7,690,430 shares	4,606,568	
Shang Properties, Inc.	189,350,548 shares	746,041	
SM Investments Corporation	146,104 shares	131,347	
ACEN Corporation	23,071,290 shares	92,285	
Republic Glass Holdings Corporation	14,230,000 shares	39,133	
Picop Resources, Inc.	40,000,00 shares	8,200	
Prime Media Holdings, Inc.	500,000 shares	1,065	
Benguet Corporation	266,757 shares	1,059	
Philippine National Bank	112 shares	3	
Others	8,082,270 shares	5,317	
		₱21,187,233	₱527,475
		₱56,610,871	₱2,049,391

ANNEX B**Schedule B. Amounts Receivables from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties) - Not Applicable****Schedule C: Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements***(Amounts in Thousands)*

Name and Designation of Debtor	Balance at Beginning of Period	Net movement	Amounts Written Off	Current	Not Current	Balance at End of Period
San Lazaro Holdings Corporation	₱1,364,862	₱32,480	₱–	₱1,397,342	₱–	₱1,397,342
Costa del Hamilo, Inc. and Subsidiary	768,802	(8,580)	–	760,222	–	760,222
SM Development Corporation and Subsidiaries	733,793	(49,077)	–	684,716	–	684,716
Mindpro Incorporated	480,999	(1,789)	–	479,210	–	479,210
SM Prime Holdings, Inc.	286,425	154,864	–	441,289	–	441,289
Premier Clark Complex, Inc	170,300	184,812	–	355,112	–	355,112
SM Land (China) Limited and Subsidiaries	3,863,544	(3,543,645)	–	319,899	–	319,899
Prime Commercial Property Management Corp. and Subsidiaries	276,578	(22,370)	–	254,208	–	254,208
Associated Development Corporation	48,310	(6)	–	48,304	–	48,304
Tagaytay Resort and Development Corporation	36,603	(1,237)	–	35,366	–	35,366
Premier Central, Inc. and Subsidiary	78,213	(51,540)	–	26,673	–	26,673
First Asia Realty Development Corporation	33,120	(10,583)	–	22,537	–	22,537
SM Arena Complex Corporation	50,545	(37,904)	–	12,641	–	12,641
SM Hotels and Conventions Corp. and Subsidiaries	57,479	(45,950)	–	11,529	–	11,529
MOA Esplanade Port Inc.	6,081	3,910	–	9,991	–	9,991
Consolidated Prime Dev Corp.	13,743	(4,344)	–	9,399	–	9,399
Highlands Prime, Inc.	13,255	(4,345)	–	8,910	–	8,910
Premier Southern Corp.	28,938	(23,998)	–	4,940	–	4,940
Southernpoint Properties Corp.	42,185	(37,883)	–	4,302	–	4,302
CHAS Realty and Development Corporation and Subsidiaries	3,718	(147)	–	3,571	–	3,571
First Leisure Ventures Group Inc.	3,721	(1,482)	–	2,239	–	2,239
Prime Metroestate, Inc.	4,272	(3,074)	–	1,198	–	1,198
SMPHI SG Holdings Pte. Ltd.	-	532	–	532	–	532
	₱8,365,486	(₱3,471,356)	₱–	₱4,984,130	₱–	₱4,894,130

ANNEX B**Schedule D. Long Term Debt**

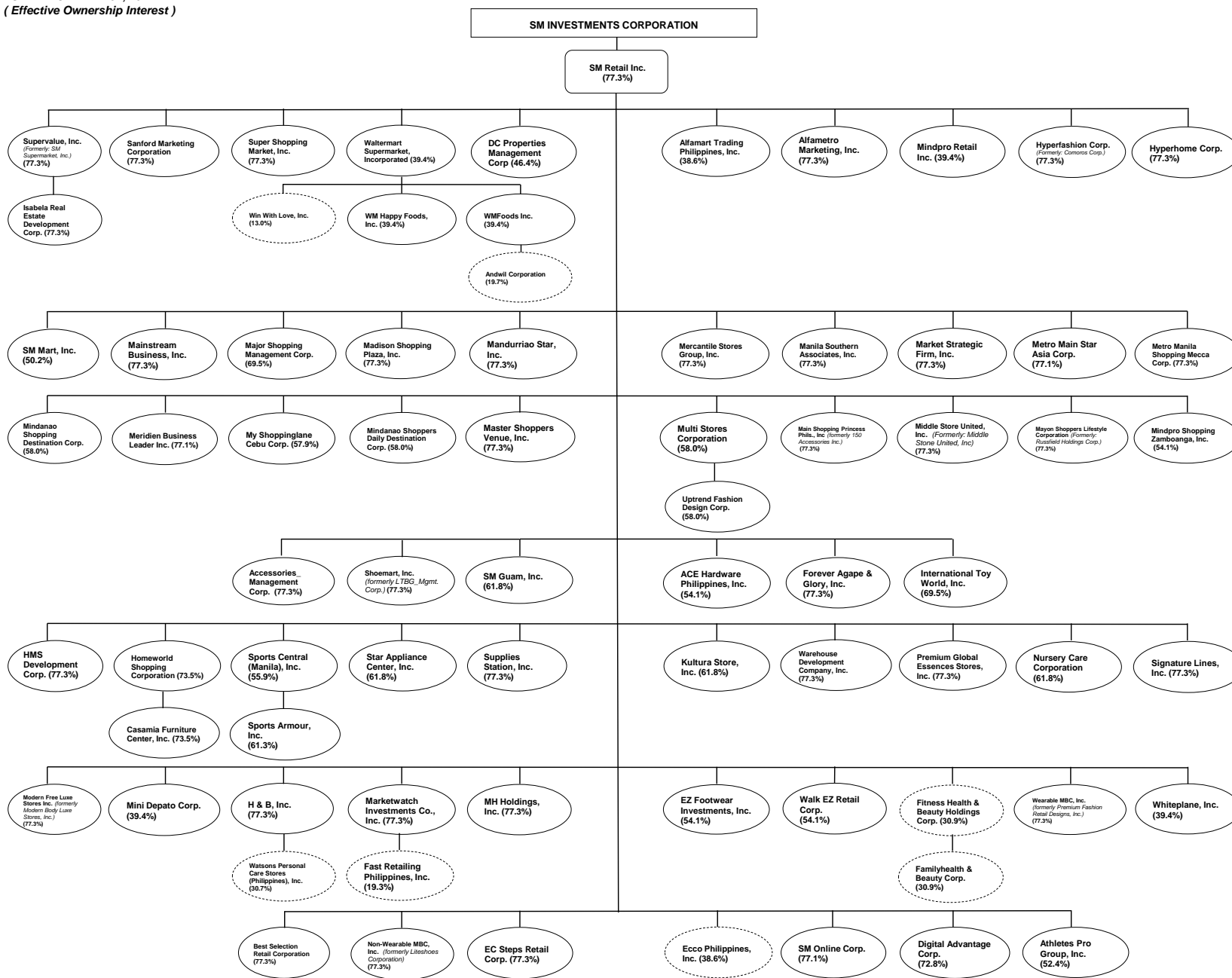
Title of the Issue and Type of Obligation	Amount Authorized by Indenture	Availment Date	Maturity Date	Interest Rates	Number of Periodic Installment	Current Portion of Long-term Debt	Long-term Debt - net of Current Portion
	<i>(In Thousands)</i>					<i>(In Thousands)</i>	
Philippine peso-denominated loans	₱333,455,000	November 25, 2015 – December 26, 2024	January 30, 2025 - April 22, 2032	Floating BVAL + margin; Fixed 3.80% - 6.97%	Quarterly/ Annual/ Upon maturity	₱76,236,460	₱211,094,730
U.S. Dollar denominated loans	\$1,450,000	January 29, 2021 - August 27, 2024	March 21, 2025 - August 10, 2029	SOFR + spread; quarterly	Upon maturity	11,569,000	64,592,303
China yuan renminbi-denominated loans	¥2,922,100	May 6, 2021 – December 27, 2024	April 20, 2026 - June 24, 2037	LPR; annually; Fixed - 3.65%	Semi-annual/ Annual	2,166,246	8,664,465
						89,971,706	284,351,498
Less debt issue cost						684,264	1,031,157
						₱89,287,442	₱283,320,341

Schedule E. Indebtedness to Related Parties*Not Applicable***Schedule F. Guarantees of Securities of Other Issuers***Not Applicable***Schedule G. Capital Stock***(Shares in Thousand)*

Title of Issue	Number of Shares Authorized	Number of Shares Issued as Shown Under Related Balance Sheet Caption	Number of Shares Outstanding as Shown Under Related Balance Sheet Caption	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common	40,000,000	33,166,300	28,856,411	15,838,582	2,976,315	10,041,514



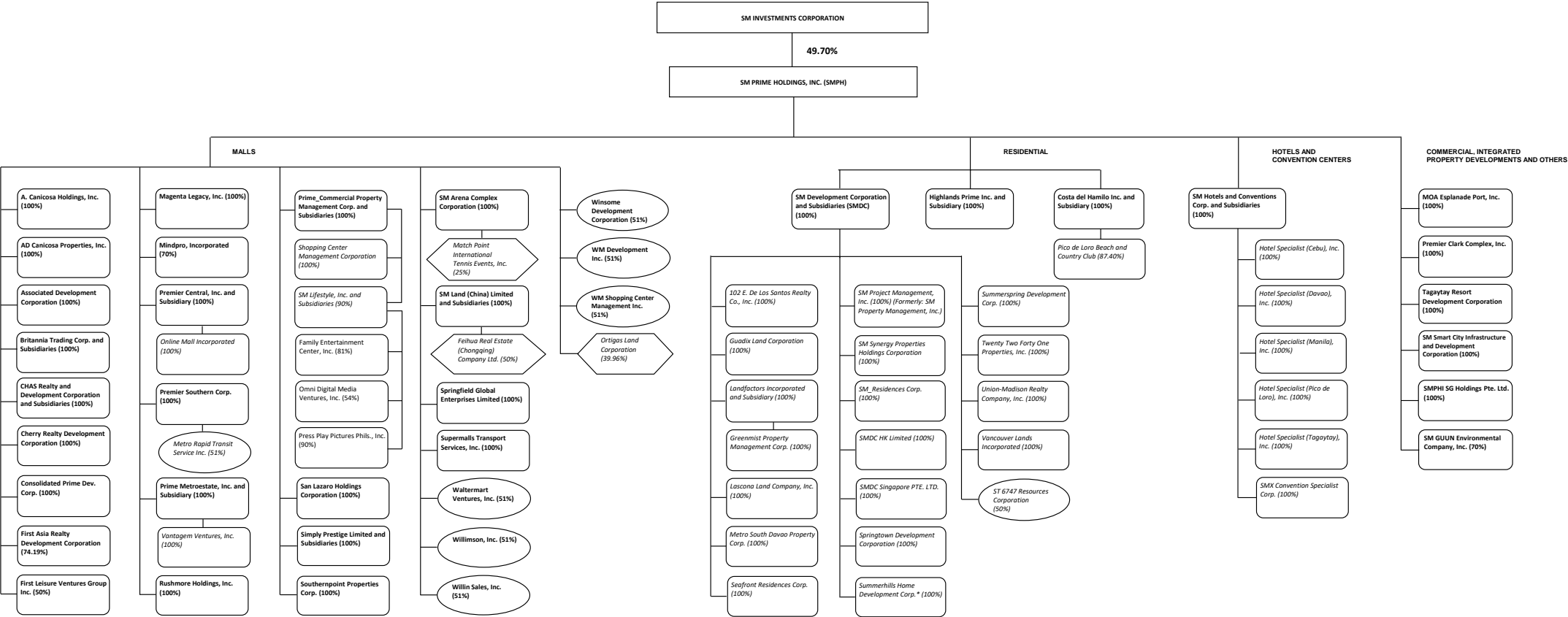
**SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)**



Legend:

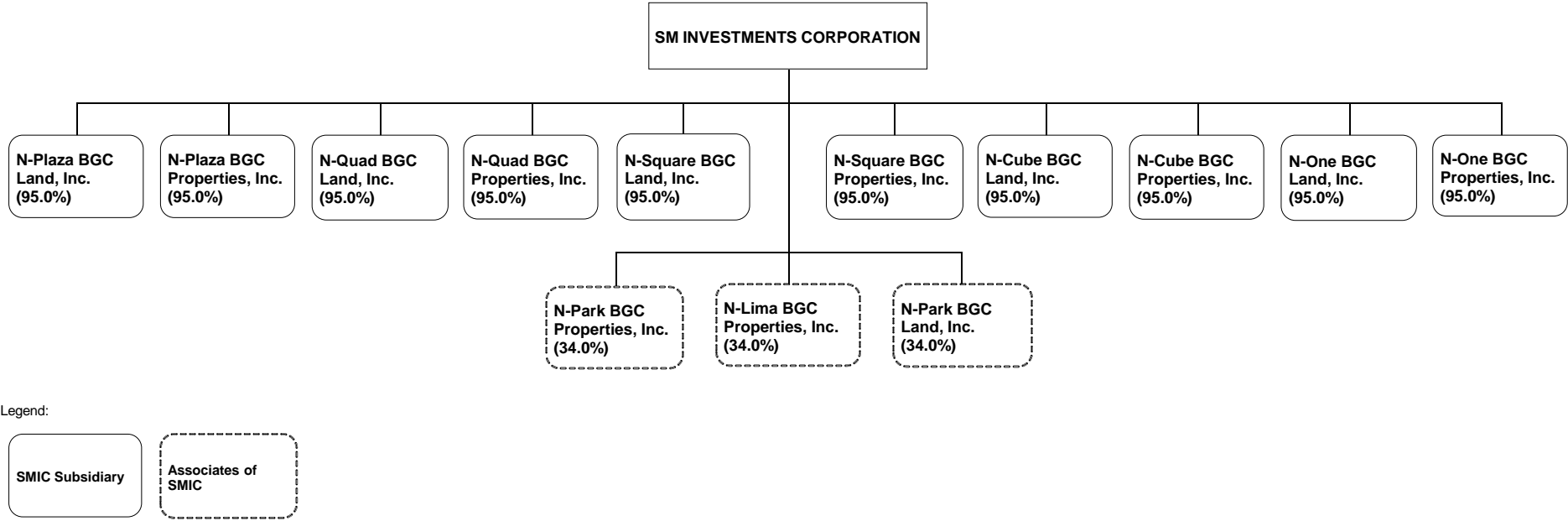


SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
As of December 31, 2024

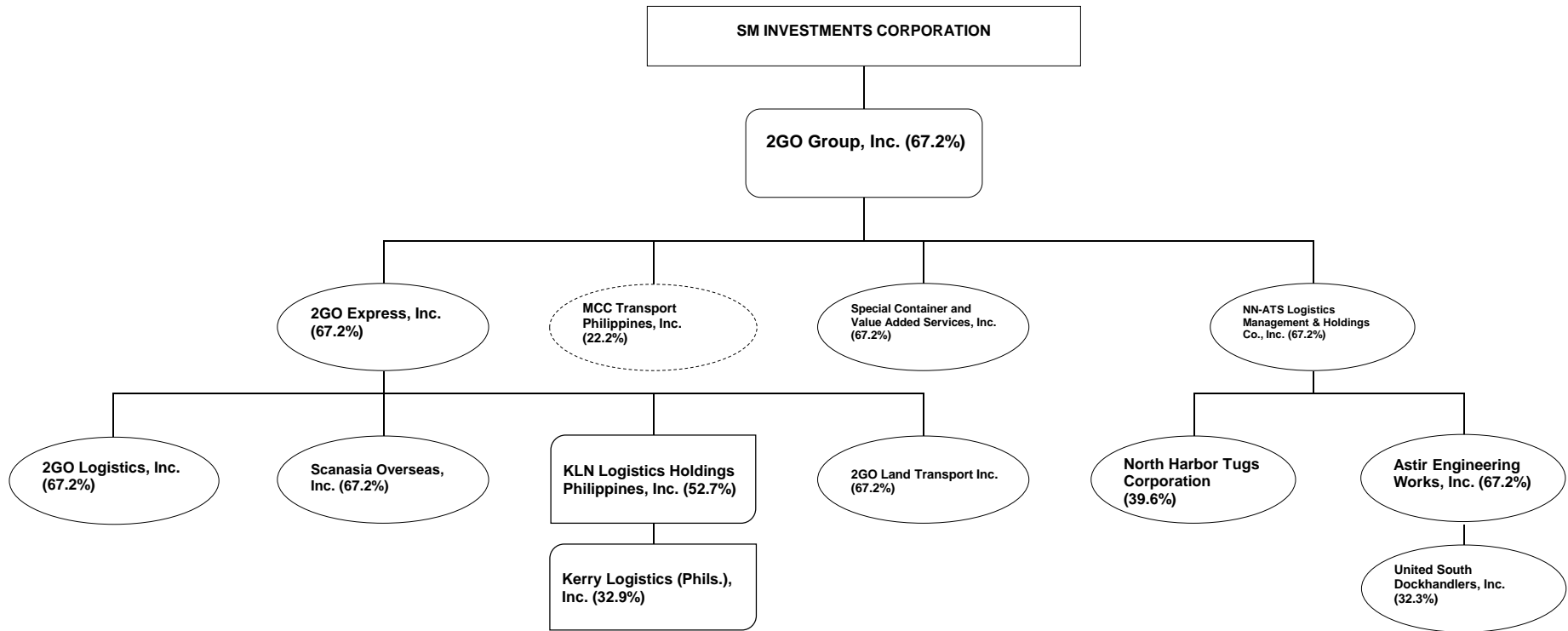


* Summerhills Home Development Corp. is 79.6% owned by SMDC and 20.4% owned by SMPHI
Note: % Refers to Effective Ownership of SM Prime Holdings, Inc.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



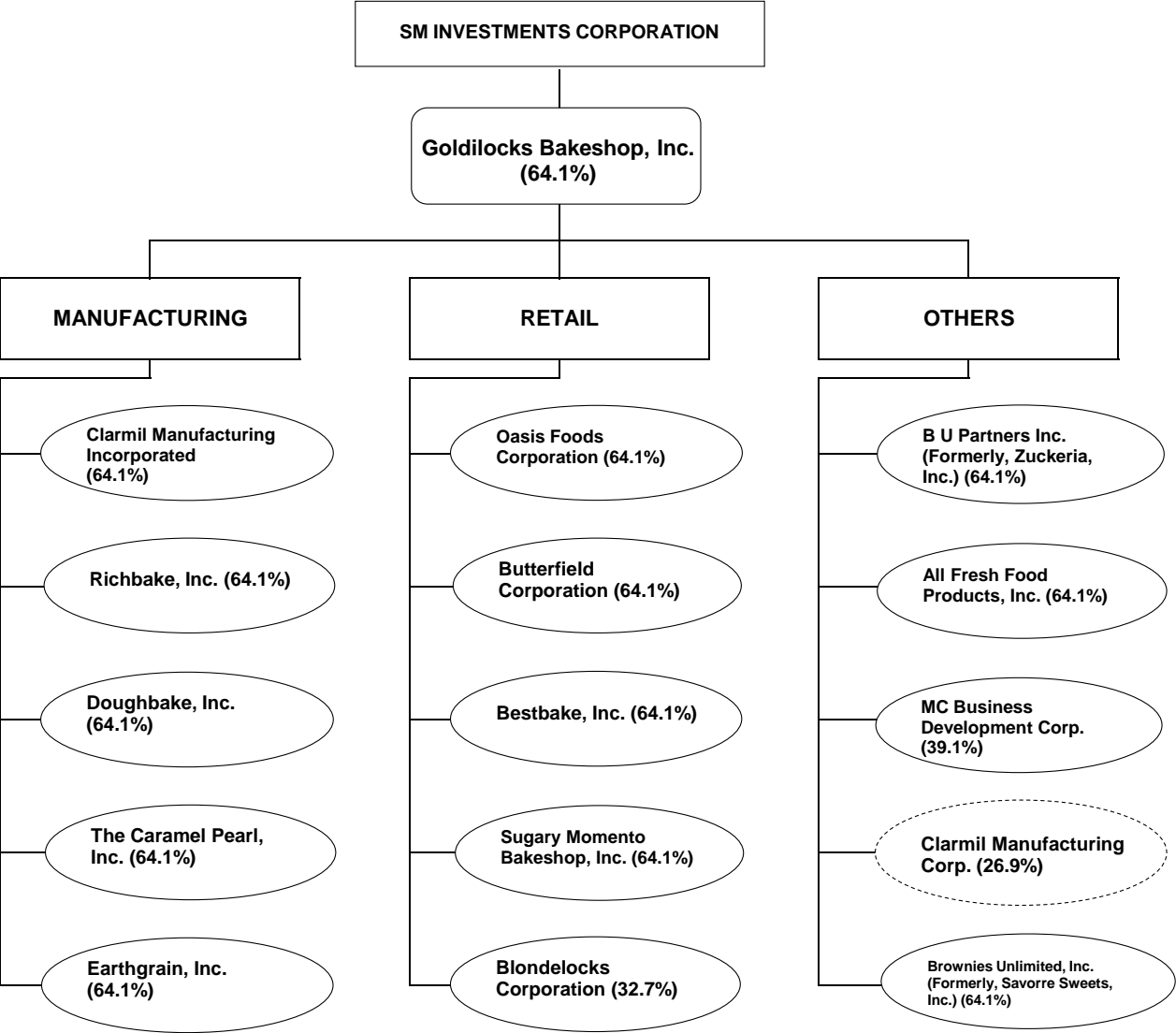
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



Legend:



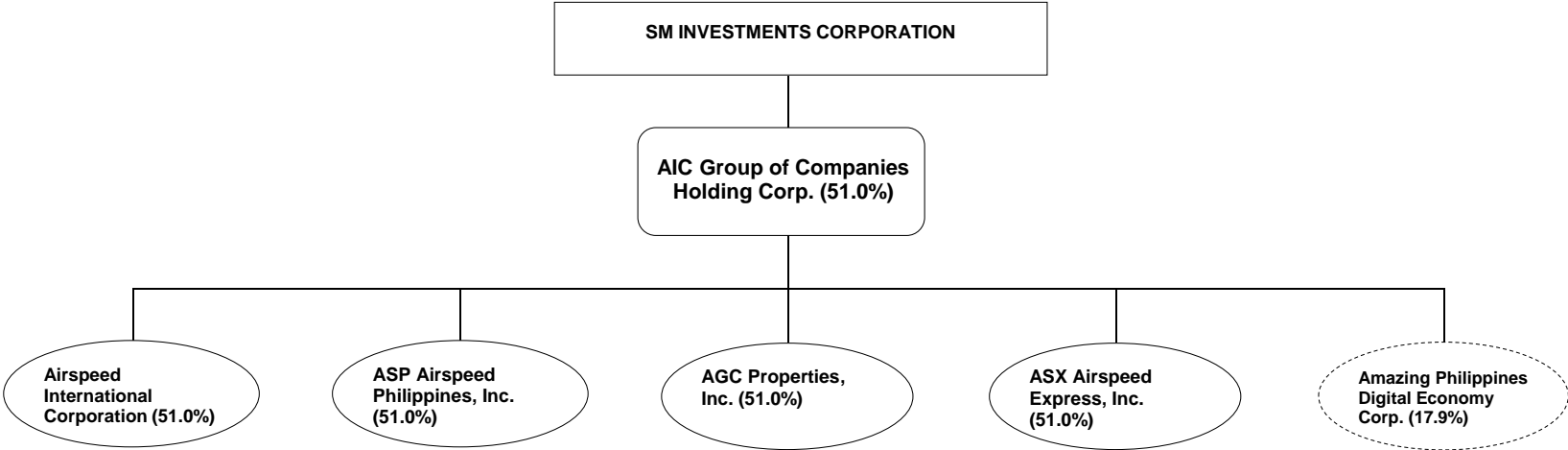
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



Legend:



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



Legend:

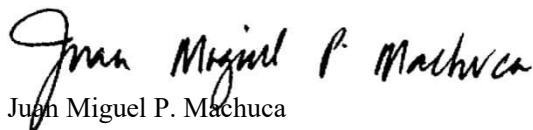


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, Pasay City
Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SM Prime Holdings, Inc. and Subsidiaries (the Company) as at December 31, 2024 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 17, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2024 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-140-2024, February 28, 2024, valid until February 27, 2027

PTR No. 10465328, January 2, 2025, Makati City

February 17, 2025



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL RATIOS - KEY PERFORMANCE INDICATORS
AS OF DECEMBER 31, 2024 and DECEMBER 31, 2023

Ratio	Formula	December 31, 2024 (Audited)	December 31, 2023 (Audited)
<i>(amounts in thousands, except ratios)</i>			
Current Ratio	Total Current Assets divided by Total Current Liabilities		
	Total current assets	₱230,681,830	₱217,455,628
	Current liabilities	211,995,083	172,416,008
	Less: Loans payable*	(17,312,356)	(4,288,964)
	Current portion of long-term debt*	(89,287,442)	(67,746,351)
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	105,395,285	100,380,693
	Current ratio	2.19	2.17
	<i>*due for refinancing</i>		
Acid Test Ratio	Quick Assets divided by Total Current Liabilities		
	Cash and cash equivalents	₱31,246,171	₱31,816,802
	Receivables and contract assets	92,506,904	76,952,202
	Equity instruments at fair value through other comprehensive income - current	794,433	747,840
	Quick assets	124,547,508	109,516,844
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	105,395,285	100,380,693
	Acid test ratio	1.18	1.09
Solvency Ratio	Total Assets divided by Total Liabilities		
	Total assets	₱1,019,430,730	₱943,327,575
	Divided by: Total liabilities	583,190,240	544,440,539
	Asset to liabilities ratio	1.75	1.73
Debt-to-Equity Ratio	Total Interest-Bearing Debt divided by Total Equity Attributable to the Equity Holders of the Parent and Total Interest-Bearing Debt		
	Loans payable	₱17,312,356	₱4,288,964
	Current portion of long-term debt	89,287,442	67,746,351
	Long-term debt - net of current portion	283,320,341	294,622,256
	Total interest-bearing debt (a)	389,920,139	366,657,571
	Add: Total equity attributable to equity holders of the parent (b)	433,093,072	396,196,619
	Total interest-bearing debt and equity attributable to equity holders of the parent (c)	823,013,211	762,854,190
	Debt to equity ratio (a/c):(b/c)	47:53	48:52

Ratio	Formula	December 31, 2024 (Audited)	December 31, 2023 (Audited)
<i>(amounts in thousands, except ratios)</i>			
Net Debt-to-Equity Ratio	Total Interest-Bearing Debt less Cash and Cash Equivalents divided by Total Equity Attributable to the Equity Holders of the Parent		
	Total interest-bearing debt	₱389,920,139	₱366,657,571
	Less: Cash and cash equivalents	(31,246,171)	(31,816,802)
	Total net interest-bearing debt (a)	358,673,968	334,840,769
	Add: Total equity attributable to equity holders of the parent (b)	433,093,072	396,196,619
	Total net interest-bearing debt and equity attributable to equity holders of the parent (c)	791,767,040	731,037,388
	Net debt-to-equity ratio (a/c):(b/c)	45:55	46:54
Return on Equity	Net Income divided by Average Total Equity Attributable to the Equity Holders of the Parent		
	Net income attributable to equity holders of the parent	₱45,631,764	₱40,010,501
	Divide by: Average total equity attributable to equity holders of the parent	414,644,844	379,699,054
	Return on equity	11.0%	10.5%
Net Income Margin	Net Income divided by Total Revenue		
	Net income attributable to equity holders of the parent	₱45,631,764	₱40,010,501
	Divide by: Total revenue	140,390,872	128,097,541
	Net income margin	33%	31%
Asset to Equity Ratio	Total Assets divided by Total Equity Attributable to the Equity Holders of the Parent		
	Total assets	₱1,019,430,730	₱943,327,575
	Divide by: Total equity attributable to equity holders of the parent	433,093,072	396,196,619
	Asset to equity ratio	2.35	2.38
Interest Coverage Ratio	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Total Interest Expense		
	Income from operations	₱68,037,118	₱61,279,241
	Less: Net income attributable to non-controlling interest	(907,672)	(853,344)
	Add: Depreciation and amortization	15,037,788	13,656,773
	EBITDA	82,167,234	74,082,670
	Divide by: Interest expense	13,934,024	13,963,271
	Interest coverage ratio	5.90	5.31

Ratio	Formula	December 31, 2024 (Audited)	December 31, 2023 (Audited)
<i>(amounts in thousands, except ratios)</i>			

Debt to EBITDA Total interest-bearing liabilities divided by EBITDA

Total interest-bearing liabilities	₱389,920,139	₱366,657,571
Divide by: EBITDA	82,167,234	74,082,670
Debt to EBITDA	4.75	4.95

**Return on
Investment
Properties**

Net Income divided by Average Investment Properties

Net income attributable to equity holders of the parent	₱45,631,764	₱40,010,501
Divide by: Total average investment properties (excluding construction in progress)	471,972,903	442,620,017
Return on investment properties	9.7%	9.0%

SM Prime Holdings, Inc.
7/F MOA Square, Seashell Lane cor. Coral Way,
Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City 1300

Supplementary Schedule of External Auditor Fee-Related Information
December 31, 2024

	2024	2023
	<i>(In Millions)</i>	
Total Audit Fees	₱17	₱17
Non-audit service fees:		
Other assurance services	3	3
Tax services	1	2
Total Non-audit Fees	4	5
Total Audit and Non-audit Fees	₱21	₱22

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
Retail Bond – Series S, T and U Bonds
As of December 31, 2024

(1) Gross and Net Proceeds as Disclosed in the Final Offer Supplement

	<u>Amounts in millions</u>
Gross Proceeds	₱35,000
Estimated Expenses	(394)
Net Proceeds	<u>₱34,606</u>

(2) Actual Gross and Net Proceeds

	<u>Amounts in millions</u>
Gross Proceeds	₱33,300
Actual Expenses	(385)
Net Proceeds	<u>₱32,915</u>

(3) Each Expenditure Item where the Proceeds were Used

The net proceeds were used to finance capital expenditures of the following:

<u>Projects</u>	<u>Amounts in millions</u>
Debt Refinancing	
Retail bond Series M due on August 5, 2023	₱7,500
Dollar Loan due on June 14, 2023	6,153
New Malls	
SM City Sta. Rosa Yulo	1,460
SM City Caloocan	1,384
SM City Laoag	1,266
SM City J Mall	927
New BPO Towers	
SM City Bacolod BPO Office	842
SM City Sta. Rosa The Core	454
SM City Iloilo Strata Tower 2	350
SM City Fairview BPO Office	347
New Hotels and Convention Centers	
SMX Convention Center Cebu	436
Mall Expansions	
SM City East Ortigas Expansion	984
SM City Bicutan Expansion	629
SM City Davao Expansion	586
Landbank	
Visayas	7,154
Metro Manila	1,500
Luzon	943
TOTAL	<u>₱32,915</u>

- (4)** As of December 31, 2024, ₱32,915 million of the proceeds from retail bond was used to refinance long-term debt and to fund the construction of new malls, BPO towers, hotels and convention centers, expansion of existing malls and acquisition of landbank.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
Retail Bond – Series V, W and X Bonds
As of December 31, 2024

(1) Gross and Net Proceeds as Disclosed in the Final Offer Supplement

	<u>Amounts in millions</u>
Gross Proceeds	₱25,000
Estimated Expenses	(284)
Net Proceeds	<u>₱24,716</u>

(2) Actual Gross and Net Proceeds

	<u>Amounts in millions</u>
Gross Proceeds	₱25,000
Actual Expenses	(285)
Net Proceeds	<u>₱24,715</u>

(3) Each Expenditure Item where the Proceeds were Used

The net proceeds were used to finance capital expenditures of the following:

<u>Projects</u>	<u>Amounts in millions</u>
Debt Refinancing	
Bridge loans used for refinancing the Series G Bonds due 2024 (Lenders: Philippine National Bank and Bank of the Philippine Islands)	₱20,000
Retail bond Series C due on September 1, 2024	2,602
New Malls	
SM City La Union	1,114
SM Seaside City Arena	849
Offices	
Six E-Com	150
TOTAL	<u>₱24,715</u>

- (4)** As of December 31, 2024, ₱24,715 million of the proceeds from retail bond was used to refinance long-term debt and to fund the construction of new malls and offices.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries

CURRENT ADDRESS: 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines

TEL. NO.: 8831-1000

FAX NO.: _____

COMPANY TYPE: Buying, selling, renting, leasing, operation of dwelling

PSIC: _____

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	1,019,430,730	943,327,575
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	230,681,830	217,455,628
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	31,246,171	31,816,802
A.1.1.1 On hand	110,726	125,788
A.1.1.2 In domestic banks/entities	29,236,990	24,502,798
A.1.1.3 In foreign banks/entities	1,898,455	7,188,216
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	92,506,904	76,952,202
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	92,506,904	76,952,202
A.1.2.1.1 Due from customers (trade)	84,173,818	70,930,088
A.1.2.1.2 Due from related parties - trade activities	3,704,992	3,471,144
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	5,402,344	3,328,348
A.1.2.1.3.1 Due from related parties - non-trade activities	-	-
A.1.2.1.3.2 Other receivables	5,402,344	3,328,348
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(774,250)	(777,378)
A.1.2.2 Due from foreign entities (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	-	-
A.1.2.2.1 None	-	-
A.1.2.2.2 None	-	-
A.1.2.2.3 None	-	-
A.1.2.2.4 Allowance for doubtful accounts (negative entry)	-	-
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	76,927,527	77,886,781
A.1.3.1 Raw materials and supplies	-	-
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)	-	-
A.1.3.3 Finished goods	-	-
A.1.3.4 Merchandise/Goods in transit	-	-
A.1.3.5 Unbilled Services (in case of service providers)	-	-
A.1.3.6 Real Estate Inventories (A.1.3.6.1 + A.1.3.6.2)	76,927,527	77,886,781
A.1.3.6.1 Condominium, residential units and subdivision lots for sale	21,144,732	25,128,444
A.1.3.6.2 Land and development - current portion	55,782,795	52,758,337
A.1.4 Financial Assets other than Cash/Receivables/Equity investments	794,433	747,840
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	-	-
A.1.4.1.1 National Government	-	-
A.1.4.1.2 Public Financial Institutions	-	-
A.1.4.1.3 Public Non-Financial Institutions	-	-
A.1.4.1.4 Private Financial Institutions	-	-
A.1.4.1.5 Private Non-Financial Institutions	-	-
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	-	-
A.1.4.2.1 National Government	-	-
A.1.4.2.2 Public Financial Institutions	-	-
A.1.4.2.3 Public Non-Financial Institutions	-	-
A.1.4.2.4 Private Financial Institutions	-	-
A.1.4.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries
7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines

CURRENT ADDRESS: _____

TEL. NO.: 8831-1000 FAX NO.: _____

COMPANY TYPE : Buying, selling, renting, leasing, operation of dwelling PSIC: _____

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	-	-
A.1.4.3.1 National Government	-	-
A.1.4.3.2 Public Financial Institutions	-	-
A.1.4.3.3 Public Non-Financial Institutions	-	-
A.1.4.3.4 Private Financial Institutions	-	-
A.1.4.3.5 Private Non-Financial Institutions	-	-
A.1.4.4 Equity instruments at fair value through other comprehensive income (FVOCI) - issued by domestic entities (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	794,433	747,840
A.1.4.4.1 National Government	-	-
A.1.4.4.2 Public Financial Institutions	-	-
A.1.4.4.3 Public Non-Financial Institutions	794,433	747,840
A.1.4.4.4 Private Financial Institutions	-	-
A.1.4.4.5 Private Non-Financial Institutions	-	-
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	-	-
A.1.4.5.1 Financial Assets at fair value through profit or loss	-	-
A.1.4.5.2 Held-to-maturity investments	-	-
A.1.4.5.3 Loans and Receivables	-	-
A.1.4.5.4 Available-for-sale financial assets	-	-
A.1.4.6 Allowance for decline in market value (negative entry)	-	-
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2)	29,206,795	30,052,003
A.1.5.1 Prepaid expenses and other current assets	28,426,708	27,804,930
A.1.5.2 Derivative assets	780,087	2,247,073
A.2 Property and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6)	1,493,295	1,554,990
A.2.1 Buildings, Land and Leasehold Improvements	2,616,460	2,595,796
A.2.2 Furniture, Fixtures and Other Equipment	1,638,354	1,543,091
A.2.3 Others, specify	-	-
A.2.3.1 Right-of-use assets - office spaces	-	-
A.2.4 Appraisal increase, specify	-	-
A.2.5 Accumulated Depreciation (negative entry)	(2,761,519)	(2,583,897)
A.2.6 Impairment Loss or Reversal (if loss, negative entry)	-	-
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)	33,108,359	32,431,195
A.3.1 Investments in associate companies and joint ventures	33,108,359	32,431,195
A.3.2 Equity in foreign branches/subsidiaries/affiliates	-	-
A.3.3 Others, specify	-	-
A.4 Investment Properties (A.4.1 + A.4.2 + A.4.3 + A.4.4 + A.4.5 + A.4.6)	601,339,921	545,074,746
A.4.1 Land, Building and Leasehold Improvements	527,000,795	501,242,440
A.4.2 Building equipment, furniture and others	67,358,735	61,093,358
A.4.3 Right-of-use asset - land	33,810,131	33,416,089
A.4.4 Construction in progress	120,466,054	82,002,808
A.4.5 Appraisal increase, specify	-	-
A.4.6 Accumulated Depreciation (negative entry)	(147,295,794)	(132,679,949)
A.5 Biological Assets	-	-
A.6 Intangible Assets	-	-
A.6.1 Major item/s, specify	-	-
A.6.2 Others, specify	-	-
A.7 Assets Classified as Held for Sale	-	-
A.8 Assets included in Disposal Groups Classified as Held for Sale	-	-

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries
7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines

CURRENT ADDRESS: _____

TEL. NO.: 8831-1000 **FAX NO.:** _____

COMPANY TYPE : Buying, selling, renting, leasing, operation of dwelling **PSIC:** _____

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	-	-
A.9.1 From domestic entities, specify	-	-
A.9.2 From foreign entities, specify	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	152,807,325	146,811,016
A.10.1 Deferred charges - net of amortization	-	-
A.10.2 Deferred Income Tax	1,634,307	1,492,359
A.10.3 Advance/Miscellaneous deposits	-	-
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3)	151,173,018	145,318,657
A.10.4.1 Equity instruments at FVOCI - net of current portion	20,392,800	19,570,212
A.10.4.2 Derivative assets - net of current portion	3,990,740	3,276,971
A.10.4.3 Other noncurrent assets	126,789,478	122,471,474
A.10.4.3.1 Receivables from real estate - net of current portion	79,064,021	70,600,303
A.10.4.3.2 Bonds and deposits	42,946,111	46,894,238
A.10.4.3.3 Escrow and time deposits	3,803,029	3,656,453
A.10.4.3.4 Deferred input tax	606,950	779,864
A.10.4.3.5 Others	369,367	540,616
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	-	-
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	583,190,240	544,440,539
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	211,995,084	172,416,008
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	121,101,318	103,373,815
B.1.1.1 Loans Payables	17,312,356	4,288,964
B.1.1.2 Trade Payables	69,557,704	60,851,227
B.1.1.3 Payables to Related Parties	220,389	205,653
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders	-	-
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2)	9,136,183	9,260,883
B.1.1.5.1 Accrued operating expenses	6,461,331	6,433,782
B.1.1.5.2 Accrued interest	2,674,852	2,827,101
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3 + B.1.1.6.4 + B.1.1.6.5 + B.1.1.6.6)	24,874,686	28,767,088
B.1.1.6.1 Tenants' and Customer's deposits	12,494,180	14,376,712
B.1.1.6.2 Retention payable	4,593,512	5,065,905
B.1.1.6.3 Liability for purchased land	3,004,396	4,502,476
B.1.1.6.4 Nontrade and other payables	2,911,292	3,391,286
B.1.1.6.5 Payable to government agencies including deferred output VAT	1,871,306	1,423,286
B.1.1.6.6 Derivative liabilities	-	7,423
B.1.2 Trade and Other Payables to Foreign Entities, specify	-	-
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions)	-	-
B.1.5 Liabilities for Current Tax	1,606,324	1,295,842
B.1.6 Deferred Tax Liabilities	-	-
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)	89,287,442	67,746,351
B.1.7.1 Dividends declared and not paid at balance sheet date	-	-
B.1.7.2 Acceptances Payable	-	-
B.1.7.3 Liabilities under Trust Receipts	-	-
B.1.7.4 Portion of Long-term Debt Due within one year	89,287,442	67,746,351
B.1.7.4.1 Domestic Public Financial Institutions	7,431,879	4,945,370
B.1.7.4.2 Domestic Public Non-Financial Institutions	-	-
B.1.7.4.3 Domestic Private Financial Institutions	68,399,759	36,492,061
B.1.7.4.4 Domestic Private Non-Financial Institutions	-	-
B.1.7.4.5 Foreign Financial Institutions	13,455,804	26,308,920
B.1.7.5 Deferred Income	-	-
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:	-	-

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries
 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines
 CURRENT ADDRESS:
 TEL. NO.: 8831-1000 FAX NO.:
 COMPANY TYPE: Buying, selling, renting, leasing, operation of dwelling PSIC:

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	283,320,341	294,622,256
B.2.1 Domestic Public Financial Institutions	41,230,194	33,370,785
B.2.2 Domestic Public Non-Financial Institutions	-	-
B.2.3 Domestic Private Financial Institutions	169,064,522	193,213,727
B.2.4 Domestic Private Non-Financial Institutions	-	-
B.2.5 Foreign Financial Institutions	73,025,625	68,037,744
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)	-	-
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale	-	-
B.5 Other Liabilities (B.5.1 + B.5.2)	87,874,815	77,402,275
B.5.1 Deferred Tax	13,923,287	12,458,096
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5+ B.5.2.6 + B.5.2.7)	73,951,528	64,944,179
B.5.2.1 Derivative liabilities - net of current portion	50,447	265,013
B.5.2.2 Tenants' and customers' deposits - net of current portion	30,528,879	25,301,504
B.5.2.3 Liability for purchased land - net of current portion	936	539,959
B.5.2.4 Lease liabilities - net of current portion	12,991,028	13,180,998
B.5.2.5 Deferred output VAT - net of current portion	16,588,231	13,843,073
B.5.2.6 Retention payable - net of current portion	6,491,309	3,768,167
B.5.2.7 Other noncurrent liabilities	7,300,698	8,045,465
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9 + C.10)	436,240,490	398,887,036
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details)	40,000,000	40,000,000
C.1.1 Common shares 40,000,000,000 authorized shares with Php1.00 par value; Php40,000,000,000	40,000,000	40,000,000
C.1.2 Preferred Shares	-	-
C.1.3 Others	-	-
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	33,166,300	33,166,300
C.2.1 Common shares 33,166,300,075 subscribed shares with Php1.00 par value; Php33,166,300,075	33,166,300	33,166,300
C.2.2 Preferred Shares	-	-
C.2.3 Others	-	-
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	33,166,300	33,166,300
C.3.1 Common shares 33,166,300,075 shares with Php1.00 par value; Php33,166,300,075	33,166,300	33,166,300
C.3.2 Preferred Shares	-	-
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	38,164,173	38,159,900
C.5 Non-controlling interest	3,147,418	2,690,417
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4)	20,755,324	19,511,299
C.6.1 Net fair value changes of equity instruments at FVOCI	17,807,766	16,938,503
C.6.2 Net fair value changes on cash flow hedges	604,031	1,079,094
C.6.3 Cumulative translation adjustment	3,135,756	2,556,139
C.6.4 Remeasurement loss on defined benefit obligation	(792,229)	(1,062,437)
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus	-	-
C.8 Retained Earnings (C.8.1 + C.8.2)	343,991,970	308,343,815
C.8.1 Appropriated	100,000,000	42,200,000
C.8.2 Unappropriated	243,991,970	266,143,815
C.9 Head / Home Office Account (for Foreign Branches only)	-	-
C.10 Cost of Stocks Held in Treasury (negative entry)	(2,984,695)	(2,984,695)
TOTAL LIABILITIES AND EQUITY (B + C)	1,019,430,730	943,327,575

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries

CURRENT ADDRESS: 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines

TEL. NO.: 8831-1000 FAX NO.: _____

COMPANY TYPE : Buying, selling, renting, leasing, operation of dwelling PSIC: _____

Table 2. Income Statement

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)	144,687,161	132,297,168	109,175,790
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing,	124,578,516	114,154,366	97,290,427
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for	2,043,010	2,162,611	1,720,116
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	15,812,356	13,943,175	8,495,208
A.3.1 Rental Income from Land and Buildings	-	-	-
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)	-	-	-
A.3.3 Sale of Real Estate or other Property and Equipment	-	-	-
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)	-	-	-
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7)	15,812,356	13,943,175	8,495,208
A.3.5.1 Cinema and event ticket sales	4,773,138	4,020,155	2,689,404
A.3.5.2 Merchandise sales	3,641,275	3,263,194	564,978
A.3.5.3 Food and beverages	2,661,034	2,339,039	1,786,358
A.3.5.4 Amusement income	1,328,655	1,337,200	1,093,416
A.3.5.5 Bowling and ice skating fees	473,092	407,118	335,452
A.3.5.6 Other revenue	2,935,162	2,576,469	2,025,600
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	2,253,279	2,037,016	1,670,039
A.4.1 Interest income	1,701,248	1,745,227	1,319,338
A.4.2 Dividend Income	527,475	439,929	456,402
A.4.3 Gain / (Loss) from disposal of investment properties and retirement of property and equipment	24,556	(148,140)	(105,701)
A.4.3.1 Disposal of investment properties and retirement of property and equipment	24,556	(148,140)	(105,701)
A.4.4 Others, specify	-	-	-
A.4.4.1 Other income - net of other expenses	-	-	-
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	-	-	-
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	-	-	-
B.1.1 Direct Material Used	-	-	-
B.1.2 Direct Labor	-	-	-
B.1.3 Other Manufacturing Cost / Overhead	-	-	-
B.1.4 Goods in Process, Beginning	-	-	-
B.1.5 Goods in Process, End (negative entry)	-	-	-
B.2 Finished Goods, Beginning	-	-	-
B.3 Finished Goods, End (negative entry)	-	-	-
C. COST OF REAL ESTATE SALES (C.1 + C.2 + C.3 + C.4)	19,140,525	16,660,910	16,898,568
C.1 Development Costs	18,022,548	22,141,007	27,956,439
C.2 Real Estate Inventory, Beginning	77,886,781	70,500,025	56,575,047
C.3 Real Estate Inventory, End (negative entry)	(76,927,527)	(77,886,781)	(70,500,025)
C.4 Reclassifications, translation adjustment and others	158,723	1,906,659	2,867,107
D. GROSS PROFIT (A - B - C)	125,546,636	115,636,258	92,277,222

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries

CURRENT ADDRESS: 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines

TEL. NO.: 8831-1000 FAX NO.: _____

COMPANY TYPE : Buying, selling, renting, leasing, operation of dwelling PSIC: _____

Table 2. Income Statement

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	54,770,147	51,833,168	42,097,431
E.1 Selling and Marketing Expenses	6,568,920	7,056,076	5,438,162
E.2 Administrative Expenses	17,720,115	17,450,432	12,423,180
E.3 General Expenses	-	-	-
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7)	30,481,112	27,326,660	24,236,089
E.4.1 Depreciation and amortization	15,037,788	13,656,773	12,487,763
E.4.2 Business taxes and licenses	6,126,914	5,303,596	4,658,425
E.4.3 Film rentals	2,538,310	2,036,632	1,399,271
E.4.4 Rent	1,414,534	1,324,430	1,130,559
E.4.5 Insurance	470,513	634,148	541,200
E.4.6 Other operating costs and expenses	3,336,135	2,695,303	1,565,194
E.4.7 Other expenses - net of other income	1,556,918	1,675,778	2,453,677
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	13,934,024	13,963,271	11,465,787
F.1 Interest on long-term debt	13,194,308	12,988,734	11,288,049
F.2 Interest on loans payable	661,599	257,559	159,904
F.3 Interest on mortgages and other long-term loans	-	-	-
F.4 Amortization	-	-	-
F.5 Other interests, specify	78,117	716,978	17,834
F.5.1 Receivable financing	78,117	716,978	17,834
G. NET INCOME BEFORE TAX (D - E - F)	56,842,465	49,839,819	38,714,004
H. INCOME TAX EXPENSE (negative entry)	(10,303,029)	(8,975,974)	(7,970,875)
I. INCOME AFTER TAX	46,539,436	40,863,845	30,743,129
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)	-	-	-
K. PROFIT OR LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	907,672	853,344	643,330
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	45,631,764	40,010,501	30,099,799
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	1.581	1.387	1.043
M.2 Diluted	1.581	1.387	1.043

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF SM Prime Holdings, Inc. and Subsidiaries

CURRENT ADDRESS: 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines

TEL. NO.: 8831-1000

FAX NO.: _____

COMPANY TYPE : Buying, selling, renting, leasing, operation of dwelling

PSIC: _____

Table 3. Cash Flow Statements

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income Before Tax and Extraordinary Items	56,842,465	49,839,819	38,714,004
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation and amortization	15,037,788	13,656,773	12,487,763
Interest expense	13,934,024	13,963,271	11,465,787
Interest and dividend income	(2,228,723)	(2,185,156)	(1,775,740)
Equity in net earnings of associates and joint ventures	(2,043,010)	(2,162,611)	(1,720,116)
Loss (gain) on:			
Disposals of investment properties and retirement of property and equipment	(24,556)	148,140	105,701
Unrealized foreign exchange and fair value changes on derivatives - net	417,027	76,370	826,854
Effect of exchange rate changes on cash and cash equivalents	(8,615)	43,039	(90,424)
Income tax paid	(8,726,437)	(7,665,012)	(6,583,777)
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables and contract assets	(23,886,248)	(16,337,056)	(8,760,236)
Real estate inventories	1,117,977	(5,437,721)	(12,462,748)
Prepaid expenses and other current assets	(1,684,842)	(2,068,144)	(762,618)
Increase in:			
Accounts payable and other liabilities	13,338,858	19,253,318	1,830,216
Tenants' and customers' deposits	5,194,630	1,573,478	2,328,183
A. Net Cash Provided by Operating Activities (sum of above rows)	67,280,338	62,698,508	35,602,849
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Investment Properties	(69,571,345)	(63,772,055)	(38,766,369)
Additions to Property and Equipment	(154,288)	(341,106)	(198,012)
Increase in other noncurrent assets	1,150,456	(5,338,058)	(15,159,670)
Others, specify Interest received	1,595,754	1,922,233	1,197,311
Dividends received from investments at FVOCI and in associates and joint ventures	1,960,828	724,446	596,672
Proceeds from disposal of investment properties	464,443	90,067	85,767
B. Net Cash Used in Investing Activities (sum of above rows)	(64,554,152)	(66,714,473)	(52,244,301)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans and Long-term Debt	165,601,237	111,562,913	94,325,945
Payments of:			
Bank Loans	(73,673,067)	(29,563,823)	(19,994,859)
Long-term Debt	(72,198,246)	(66,701,374)	(43,863,022)
Acquisition of noncontrolling interest - net	-	-	-
Others, specify (negative entry):			
Dividends paid	(10,438,750)	(7,163,420)	(2,943,122)
Interests paid	(14,086,273)	(13,782,271)	(11,029,498)
Proceeds from matured derivatives - net	2,396,042	294,800	3,274,591
Lease liabilities paid	(897,760)	(874,140)	(844,353)
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(3,296,817)	(6,227,315)	18,925,682
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(570,631)	(10,243,280)	2,284,230
Cash and Cash Equivalents			
Beginning of year	31,816,802	42,060,082	39,775,852
End of year	31,246,171	31,816,802	42,060,082

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

Control No.:

Form Type:

PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries

7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines

CURRENT ADDRESS:

TEL. NO.:

8831-1000

FAX NO.:

COMPANY TYPE :

Buying, selling, renting, leasing, operation of dwelling

PSIC:

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)										
	Capital Stock	Additional Paid-in Capital	Cumulative Translation Adjustment	Net fair value changes of equity instruments at fair value through other comprehensive income	Remeasurement Loss on Defined Benefit Obligation	Net Fair Value Changes on Cash Flow Hedges	Retained Earnings-Appropriated	Retained Earnings-Unappropriated	Treasury Stock	Noncontrolling Interests	TOTAL
A. Balance, 2022	33,166,300	38,124,193	3,435,171	14,232,514	(928,882)	2,984,605	42,200,000	232,972,284	(2,984,695)	1,950,116	365,151,606
A.1 Correction of Error(s)	-	-	-	-	-	-	-	-	-	-	-
A.2 Effect of Common Control Business Combination	-	-	-	-	-	-	-	-	-	-	-
B. Restated Balance	33,166,300	38,124,193	3,435,171	14,232,514	(928,882)	2,984,605	42,200,000	232,972,284	(2,984,695)	1,950,116	365,151,606
C. Surplus	-	-	(879,032)	2,705,989	(133,555)	(1,905,511)	-	-	-	(1,056)	(213,165)
C.1 Surplus (Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-
C.2 Surplus (Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-
C.3 Currency Translation Differences	-	-	(879,032)	-	-	-	-	-	-	-	(879,032)
C.4 Other Surplus (specify)	-	-	-	2,705,989	(133,555)	(1,905,511)	-	-	-	(1,056)	665,867
C.4.1 Other comprehensive income (loss)	-	-	-	2,705,989	(133,555)	(1,905,511)	-	-	-	(1,056)	665,867
C.4.2 Transfer of unrealized gain on equity instruments at FVOCI	-	-	-	-	-	-	-	-	-	-	-
D. Net Income for the Period	-	-	-	-	-	-	-	40,010,501	-	853,344	40,863,845
E. Dividends (negative entry)	-	-	-	-	-	-	-	(6,838,970)	-	(324,450)	(7,163,420)
F. Appropriation for (specify)	-	-	-	-	-	-	-	-	-	-	-
F.1 Corporate expansion	-	-	-	-	-	-	-	-	-	-	-
F.2 Equity adjustment from business combination under common control	-	-	-	-	-	-	-	-	-	-	-
G. Issuance of Capital Stock	-	35,707	-	-	-	-	-	-	-	212,463	248,170
G.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-
G.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-
G.3 Others - Treasury stock	-	-	-	-	-	-	-	-	-	-	-
G.4 Others - Additional investment of non-controlling interest	-	-	-	-	-	-	-	-	-	201,000	201,000
G.5 Others - Sale of non-controlling interest	-	35,707	-	-	-	-	-	-	-	11,463	47,170
H. Balance, 2023	33,166,300	38,159,900	2,556,139	16,938,503	(1,062,437)	1,079,094	42,200,000	266,143,815	(2,984,695)	2,690,417	398,887,036
H.1 Correction of Error (s)	-	-	-	-	-	-	-	-	-	-	-
H.2 Effect of Common Control Business Combination	-	-	-	-	-	-	-	-	-	-	-
I. Restated Balance	33,166,300	38,159,900	2,556,139	16,938,503	(1,062,437)	1,079,094	42,200,000	266,143,815	(2,984,695)	2,690,417	398,887,036
J. Surplus	-	-	579,617	869,263	270,208	(475,063)	-	711	-	2,344	1,247,080
J.1 Surplus (Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-
J.2 Surplus (Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-
J.3 Currency Translation Differences	-	-	579,617	-	-	-	-	-	-	-	579,617
J.4 Other Surplus (specify)	-	-	-	869,263	270,208	(475,063)	-	711	-	2,344	667,463
J.4.1 Other comprehensive income (loss)	-	-	-	869,974	270,208	(475,063)	-	-	-	2,344	667,463
J.4.2 Net fair value changes of equity instruments at FVOCI reclassified to retained earnings	-	-	-	(711)	-	-	-	711	-	-	-
K. Net Income for the Period	-	-	-	-	-	-	-	45,631,764	-	907,672	46,539,436
L. Dividends (negative entry)	-	-	-	-	-	-	-	(9,984,320)	-	(454,430)	(10,438,750)
M. Appropriation for (specify)	-	-	-	-	-	-	57,800,000	(57,800,000)	-	-	-
M.1 Reversal of appropriation	-	-	-	-	-	-	(42,200,000)	42,200,000	-	-	-
M.2 Appropriation during the year	-	-	-	-	-	-	100,000,000	(100,000,000)	-	-	-
N. Issuance of Capital Stock	-	4,273	-	-	-	-	-	-	-	1,415	5,688
N.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-
N.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-
N.3 Others - Treasury stock	-	-	-	-	-	-	-	-	-	-	-
N.4 Others - Additional investment of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
N.5 Others - Sale of non-controlling interest	-	4,273	-	-	-	-	-	-	-	1,415	5,688
O. Balance, 2024	33,166,300	38,164,173	3,135,756	17,807,766	(792,229)	604,031	100,000,000	243,991,970	(2,984,695)	3,147,418	436,240,490

Check

Maria Barbara B. Mallonga

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To: SM Prime Finance
Cc: John Nai Peng C. Ong
Subject: Your BIR AFS eSubmission uploads were received

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Company TIN: **003-058-789**

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Statement of Management's Responsibility for Financial Statements


The management of SM Prime Holdings, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2024 and 2023, and for the years then ended, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

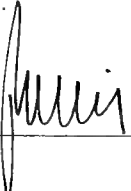
In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

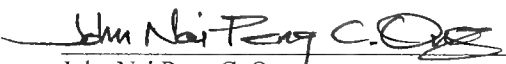
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of SM Prime Holdings, Inc. in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Henry T. Sy, Jr.
Chairman

Jeffrey C. Lim
President

John Nai Peng C. Ong
Chief Finance Officer

Signed this 17th of February, 2025

SM PRIME

MOA Square, Seashell Lane cor. Coral Way,
Mall of Asia Complex, Pasay City 1300, Philippines

SUBSCRIBED AND SWORN to before me this MAR 14 2025 at PASAY CITY,
affiants exhibiting to me their Philippine passports, as follows:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
HENRY T. SY, JR.			
JEFFREY C. LIM			
JOHN NAI PENG C. ONG			

Doc. No. 255;
Page No. 52;
Book No. 1;
Series of 2025



ATTY. RONHEL VINN A. PAPA

Notary Public for Pasay City
Unti December 31, 2026. Commission No. 25-19
IBP OR No. 474452 11/04/2024/ Roll No. 73157
PTR OR No. PC 8849529 01/08/2025/ TIN# 743-448-049
MCLE Compliance No. VIII-0017246 valid until April 14, 2028

SM PRIME

MOA Square, Seashell Lane cor. Coral Way,
Mall of Asia Complex, Pasay City 1300, Philippines

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, Pasay City
Metro Manila, Philippines

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of SM Prime Holdings, Inc. (the "Company"), which comprise the parent company balance sheets as at December 31, 2024 and 2023, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

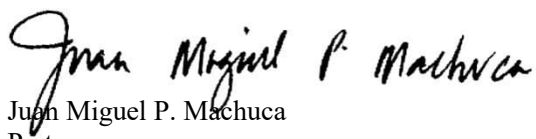


Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of SM Prime Holdings, Inc. in a separate schedule. Revenue Regulations 15-2010 require the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Juan Miguel P. Machuca.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-140-2024, February 28, 2024, valid until February 27, 2027

PTR No. 10465328, January 2, 2025, Makati City

February 17, 2025



SM PRIME HOLDINGS, INC.**PARENT COMPANY BALANCE SHEETS****(Amounts in Thousands)**

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 16, 20 and 21)	₱1,773,519	₱3,950,420
Receivables and contract assets (Notes 5, 16, 20 and 21)	26,738,495	24,232,081
Real estate inventories (Note 7)	9,062,596	8,982,255
Derivative assets (Notes 20 and 21)	443,328	60,820
Prepaid expenses and other current assets (Note 8)	4,271,267	4,455,049
Total Current Assets	42,289,205	41,680,625
Noncurrent Assets		
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 6, 16, 20 and 21)	20,390,765	19,568,176
Investment properties (Notes 9 and 21)	342,650,859	315,495,368
Investments and deposits (Notes 10, 16, 20 and 21)	306,138,239	287,000,043
Derivative assets - net of current portion (Notes 20 and 21)	2,117,390	2,020,059
Other noncurrent assets (Notes 5, 20 and 21)	29,588,255	37,517,857
Total Noncurrent Assets	700,885,508	661,601,503
	₱743,174,713	₱703,282,128
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 11, 16, 20 and 21)	₱45,187,995	₱41,446,945
Current portion of long-term debt (Notes 12, 20 and 21)	43,983,574	22,194,012
Income tax payable	871,699	545,273
Total Current Liabilities	90,043,268	64,186,230
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 12, 20 and 21)	137,508,467	160,121,409
Tenants' and customers' deposits - net of current portion (Notes 11, 19, 20 and 21)	20,926,532	19,251,327
Deferred tax liabilities - net (Note 14)	3,453,848	3,573,609
Derivative liabilities (Notes 20 and 21)	50,447	150,193
Other noncurrent liabilities (Notes 11, 15, 20 and 21)	15,208,895	16,325,644
Total Noncurrent Liabilities	177,148,189	199,422,182
Total Liabilities	267,191,457	263,608,412

(Forward)

	December 31	
	2024	2023
Equity		
Capital stock (Notes 13 and 22)	₱33,166,300	₱33,166,300
Additional paid-in capital - net (Notes 10 and 13)	86,251,822	86,247,549
Net fair value changes of equity instruments at FVOCI (Note 6)	17,119,850	16,297,259
Net fair value changes on cash flow hedges (Note 21)	858,042	1,525,246
Remeasurement loss on defined benefit obligation (Note 15)	(361,994)	(245,776)
Cumulative share in other comprehensive income of subsidiaries, associate and joint ventures (Note 10)	3,328,709	2,300,693
Retained earnings (Note 13):		
Appropriated	100,000,000	42,200,000
Unappropriated	238,234,177	260,796,095
Treasury stock (Notes 13 and 22)	(2,613,650)	(2,613,650)
Total Equity	475,983,256	439,673,716
	₱743,174,713	₱703,282,128

See accompanying Notes to Parent Company Financial Statements.



SM PRIME HOLDINGS, INC.**PARENT COMPANY STATEMENTS OF INCOME****(Amounts in Thousands, Except Per Share Data)**

	Years Ended December 31	
	2024	2023
REVENUE		
Rent (Notes 9, 16 and 19)	₱59,146,717	₱53,952,088
Real estate sales	3,815,945	7,747,602
Others (Notes 16 and 17)	11,401,740	10,203,512
	74,364,402	71,903,202
COSTS AND EXPENSES		
Depreciation and amortization (Notes 9 and 19)	10,543,970	9,773,359
Management and service fees (Note 16)	6,965,409	6,947,829
Cost of merchandise, food and beverage	3,847,571	3,282,280
Taxes and licenses	3,809,656	3,276,384
Administrative (Note 15)	2,551,893	2,045,670
Marketing and selling	2,482,858	2,392,866
Utilities	2,202,199	2,266,420
Cost of real estate sold (Note 7)	1,610,778	3,259,313
Film rentals	1,545,265	1,411,677
Rent (Notes 16 and 19)	1,320,510	1,175,611
Personnel costs	897,006	844,164
Insurance	358,070	504,524
Others	323,975	271,309
	38,459,160	37,451,406
INCOME FROM OPERATIONS	35,905,242	34,451,796
OTHER INCOME (CHARGES)		
Equity in net earnings of subsidiaries, associate and joint ventures (Note 10)	19,941,404	16,817,256
Interest and dividend income (Notes 4, 6, 16 and 18)	839,264	993,241
Interest expense (Notes 12 and 18)	(4,966,714)	(5,647,161)
Others - net (Notes 11, 12 and 19)	(700,032)	(1,993,522)
	15,113,922	10,169,814
INCOME BEFORE INCOME TAX	51,019,164	44,621,610
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 14)		
Current	5,888,120	5,176,067
Deferred	(99,252)	497,160
	5,788,868	5,673,227
NET INCOME	₱45,230,296	₱38,948,383
Basic/Diluted Earnings Per Share (Note 22)	₱1.581	₱1.387
Dividend Per Share (Note 13)	₱0.346	₱0.237

See accompanying Notes to Parent Company Financial Statements.



SM PRIME HOLDINGS, INC.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands)**

	Years Ended December 31	
	2024	2023
NET INCOME	₱45,230,296	₱38,948,383
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods (net of tax):		
Net fair value changes on cash flow hedges (Note 21)	(667,204)	(972,253)
Share in other comprehensive gain (loss) of subsidiaries, associate and joint ventures (Note 10)	771,773	(527,018)
	104,569	(1,499,271)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax):		
Unrealized gain due to changes in fair value of equity instruments at fair value through other comprehensive income (Note 6)	822,591	2,493,012
Share in other comprehensive gain of subsidiaries, associate and joint ventures (Note 10)	256,243	173,986
Remeasurement loss on defined benefit obligation (Note 15)	(116,218)	(153,899)
	962,616	2,513,099
TOTAL COMPREHENSIVE INCOME	₱46,297,481	₱39,962,211

See accompanying Notes to Parent Company Financial Statements.

SM PRIME HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Thousands)

	Capital Stock (Notes 13 and 22)	Additional Paid-in Capital - Net (Notes 10 and 13)	Net Fair Value Changes of Equity Instruments at FVOCI (Note 6)	Net Fair Value Changes on Cash Flow Hedges (Note 21)	Remeasurement Loss on Defined Benefit Obligation (Note 15)	Cumulative Share in Other Comprehensive Income of Subsidiaries, Associate and Joint Ventures (Note 10)	Retained Earnings		Treasury Stock (Notes 13 and 22)	Total
							Appropriated (Note 13)	Unappropriated (Note 13)		
At January 1, 2024	₱33,166,300	₱86,247,549	₱16,297,259	₱1,525,246	(₱245,776)	₱2,300,693	₱42,200,000	₱260,796,095	(₱2,613,650)	₱439,673,716
Net income for the year	—	—	—	—	—	—	—	45,230,296	—	45,230,296
Other comprehensive income (loss)	—	—	822,591	(667,204)	(116,218)	1,028,016	—	—	—	1,067,185
Total comprehensive income (loss)	—	—	822,591	(667,204)	(116,218)	1,028,016	—	45,230,296	—	46,297,481
Reversal of appropriation	—	—	—	—	—	—	(42,200,000)	42,200,000	—	—
Appropriation during the year	—	—	—	—	—	—	100,000,000	(100,000,000)	—	—
Other changes in equity of subsidiary (Note 13)	—	4,273	—	—	—	—	—	—	—	4,273
Cash dividends - ₱0.346 per share (Note 13)	—	—	—	—	—	—	—	(9,992,214)	—	(9,992,214)
At December 31, 2024	₱33,166,300	₱86,251,822	₱17,119,850	₱858,042	(₱361,994)	₱3,328,709	₱100,000,000	₱238,234,177	(₱2,613,650)	₱475,983,256
At January 1, 2023	₱33,166,300	₱86,211,842	₱13,804,247	₱2,497,499	(₱91,877)	₱2,653,725	₱42,200,000	₱228,692,090	(₱2,613,650)	₱406,520,176
Net income for the year	—	—	—	—	—	—	—	38,948,383	—	38,948,383
Other comprehensive income (loss)	—	—	2,493,012	(972,253)	(153,899)	(353,032)	—	—	—	1,013,828
Total comprehensive income (loss)	—	—	2,493,012	(972,253)	(153,899)	(353,032)	—	38,948,383	—	39,962,211
Other changes in equity of subsidiary (Note 10)	—	35,707	—	—	—	—	—	—	—	35,707
Cash dividends - ₱0.237 per share (Note 13)	—	—	—	—	—	—	—	(6,844,378)	—	(6,844,378)
At December 31, 2023	₱33,166,300	₱86,247,549	₱16,297,259	₱1,525,246	(₱245,776)	₱2,300,693	₱42,200,000	₱260,796,095	(₱2,613,650)	₱439,673,716

See accompanying Notes to Parent Company Financial Statements.


SM PRIME HOLDINGS, INC.**PARENT COMPANY STATEMENTS OF CASH FLOWS****(Amounts in Thousands)**

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱51,019,164	₱44,621,610
Adjustments for:		
Equity in net earnings of subsidiaries, associate and joint ventures (Note 10)	(19,941,404)	(16,817,256)
Depreciation and amortization (Notes 9 and 19)	10,543,970	9,773,359
Interest expense (Notes 12 and 18)	4,966,714	5,647,161
Interest and dividend income (Notes 4, 6, 16 and 18)	(839,264)	(993,241)
Loss (gain) on:		
Unrealized foreign exchange and fair value changes on derivatives - net	115,869	(22,577)
Disposal of investment properties	(22,970)	—
Operating income before working capital changes	45,842,079	42,209,056
Decrease (increase) in:		
Receivables and contract assets	(2,510,616)	(5,563,389)
Real estate inventories	(80,341)	924,480
Prepaid expenses and other current assets	183,782	629,874
Increase in:		
Accounts payable and other liabilities	4,375,945	7,644,765
Tenants' and customers' deposits	1,675,205	1,279,858
Cash generated from operations	49,486,054	47,124,644
Income taxes paid	(5,561,694)	(4,630,794)
Net cash provided by operating activities	43,924,360	42,493,850
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties (Note 9)	(33,425,007)	(27,783,123)
Investment and deposits (Note 10)	(2,230,152)	(2,749,047)
Proceeds from disposal of investment properties	192,753	147,992
Interest received	374,422	626,265
Dividends received from investments at FVOCI and in associates and joint ventures	4,534,694	4,027,911
Decrease (increase) in other noncurrent assets	7,929,602	(7,957,478)
Net cash used in investing activities	(22,623,688)	(33,687,480)

(Forward)

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans payable and long-term debt (Note 12)	₱51,000,000	₱47,300,000
Payments of:		
Long-term debt (Note 12)	(27,308,380)	(44,245,942)
Loans payable	(26,000,000)	(9,000,000)
Interest	(10,611,141)	(10,485,384)
Dividends (Note 13)	(9,992,214)	(6,844,378)
Lease liabilities (Notes 11 and 19)	(688,179)	(672,761)
Proceeds on maturity of derivatives	129,680	222,600
Net cash used in financing activities	(23,470,234)	(23,725,865)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(7,339)	45,963
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,176,901)	(14,873,532)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)	3,950,420	18,823,952
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱1,773,519	₱3,950,420

See accompanying Notes to Parent Company Financial Statements.



SM PRIME HOLDINGS, INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

SM Prime Holdings, Inc. (SMPH or the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 6, 1994. SMPH is incorporated to acquire by purchase, exchange, assignment, gift or otherwise, and to own, use, improve, subdivide, operate, enjoy, sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, traffic, deal in and hold for investment or otherwise, including but not limited to real estate and the right to receive, collect and dispose of, any and all rentals, dividends, interest and income derived therefrom; the right to vote on any proprietary or other interest on any shares of stock, and upon any bonds, debentures, or other securities; and the right to develop, conduct, operate and maintain modernized commercial shopping centers and all the businesses appurtenant thereto, such as but not limited to the conduct, operation and maintenance of shopping center spaces for rent, amusement centers, movie or cinema theatres within the compound or premises of the shopping centers, to construct, erect, manage and administer buildings such as condominium, apartments, hotels, restaurants, stores or other structures for mixed use purposes.

SMPH's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

The Company's ultimate parent company is SM Investments Corporation (SMIC). SMIC is a Philippine corporation whose common shares is listed with the PSE in 2005. SMIC and all its subsidiaries are herein referred to as the "SM Group".

The registered office and principal place of business of the Company is at 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City, Metro Manila, Philippines.

The accompanying parent company financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on February 17, 2025.

2. Basis of Preparation

The accompanying parent company financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments which have been measured at fair value. The parent company financial statements are presented in Philippine peso, which is the Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRS) Accounting Standards. All values are rounded to the nearest thousand peso, except when otherwise indicated.

The accompanying parent company financial statements have been prepared under the going concern assumption.

Statement of Compliance

The accompanying parent company financial statements have been prepared in compliance with PFRS Accounting Standards.

The Company also prepared and issued consolidated financial statements for the same period as the parent company financial statements presented in compliance with PFRS Accounting Standards. These may be obtained at the registered office address of the Company or at the SEC.



Material Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these estimates and assumptions could result in outcomes that require an adjustment to the carrying amount of the affected asset or liability in the future period.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements.

Existence of a Contract. The Company's primary document for a contract with a customer is a signed contract to sell or the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with the customer under PFRS 15, *Revenue from Contracts with Customers*.

In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the buyer's initial payments in relation to the total contract price.

Revenue Recognition Method and Measure of Progress. The Company concluded that revenue from sale of real estate is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The cost to obtain a contract (e.g., commission) is determined using the percentage of completion (POC).

The Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development, which include customized uninstalled materials, to the customers. The Company determined that in the case of customized materials, the Company is not just providing a simple procurement service to the customer as it is significantly involved in the design and details of the manufacture of the materials.

Determining Transaction Price of Sale of Real Estate. The Company determines whether a contract contains a significant financing component using the portfolio approach by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate (EIR). The Company applied the practical expedient by not adjusting the effect of financing component when the period when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Company determined that its transaction price on sale of real estate recognized over time do not include a significant financing component.



Operating Lease Commitments - as Lessor. The Company has entered into commercial property leases on its investment property portfolio. Management has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the properties and thus accounts for the contracts as operating leases. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life.

Determining the Lease Term of Contract. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate its lease contracts with extension and/or termination options. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. The Company typically exercises its option to renew its leases of various parcels of land since its lease term periods are generally covered by an automatic renewal option. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Determining Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates. The Company applies significant judgment in identifying uncertainties over its income tax treatments. The Company determined based on its assessment, in consultation with its tax counsel, that it is probable that its income tax treatments will be accepted by the taxation authorities.

Contingencies. The Company is currently involved in various legal and administrative proceedings. The estimate of the probable costs for the resolution of these proceedings has been developed in consultation with in-house as well as outside legal counsel handling defense in these matters and is based upon an analysis of potential results. The Company currently does not believe that these proceedings will have a material adverse effect on its financial position and performance and no provisions were made in relation to these proceedings. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

Estimates and Assumptions

The key estimates and assumptions that may have significant risks of causing material adjustments to the carrying amounts of revenues, expenses, assets and liabilities within the next financial period are discussed below.

Measure of Progress. The Company's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Company's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of the real estate projects.

Revenue from sale of real estate amounted to ₱3,816 million and ₱7,748 million for the years ended December 31, 2024 and 2023, respectively, while the cost of real estate sold amounted to ₱1,611 million and ₱3,259 million for the years ended December 31, 2024 and 2023, respectively (see Note 7).

Net Realizable Value of Real Estate Inventories. The net realizable value of real estate inventories is assessed with reference to market price at the balance sheet date for similar completed property, less estimated cost to complete the construction and estimated cost to sell. The Company reviews the carrying value regularly for any decline in value due to changes in market price or other causes.



The carrying values of real estate inventories amounted to ₱9,063 million and ₱8,982 million as at December 31, 2024 and 2023, respectively (see Note 7).

Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and is based on the projected taxable income in future periods.

Deferred tax assets recognized in the parent company balance sheets amounted to ₱1,590 million and ₱1,589 million as at December 31, 2024 and 2023, respectively (see Note 14).

Fair Value of Assets and Liabilities. The Company carries and discloses certain assets and liabilities at fair value, which requires extensive use of accounting judgments and estimates. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates and volatility rates). The amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these assets and liabilities that are carried in the parent company financial statements would directly affect parent company statements of income and other comprehensive income (OCI).

The fair value of assets and liabilities are discussed in Note 21.

3. Material Accounting Policy Information

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2024. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to Philippine Accounting Standards (PAS) 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Future Changes in Accounting Policies and Disclosures

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of Exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11



The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is a summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

- Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements* replaces PAS 1, *Presentation of Financial Statements*, and responds to investors’ demand for better information about companies’ financial performance. The new requirements include:

- Required totals, subtotals and new categories in the consolidated statement of income
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation



The new standard will have an impact on the presentation of income and expenses and additional disclosures on management-defined performance measures but will not have an impact on the recognition and measurement in the parent company financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

Determination of Fair Value

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period and recognizes transfers as at the date of the event or change in circumstances that caused the transfer.

The Company determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.



Financial Instruments - Initial Recognition and Subsequent Measurement

Financial Assets

Initial recognition and measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through profit or loss (FVTPL), and FVOCI.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

As at December 31, 2024 and 2023, the Company has no debt instruments classified as financial assets at FVOCI.

Subsequent measurement. For purposes of subsequent measurement, financial assets are classified in the following categories:

- *Financial assets at amortized cost (debt instruments).* The Company measures financial assets at amortized cost if both of the following conditions are met:
 - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash and cash equivalents, receivables and escrow and time deposits (included under "Other noncurrent assets" account).

- *Financial assets at FVTPL.* Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.



Financial assets at FVTPL are carried in the balance sheet at fair value with net changes in fair value recognized in the parent company statement of income.

This category includes derivative instruments and due from subsidiaries (included under “Investments and deposits). The carrying value of financial assets classified under this category amounted to ₱6,412 million and ₱9,189 million as at December 31, 2024 and 2023, respectively (see Notes 10 and 21).

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in FVTPL. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

- *Financial assets at FVOCI (equity instruments).* Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the parent company statements of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its investments in equity instruments under this category.

Classified under this category are the investments in shares of stocks of certain companies. The carrying value of financial assets classified under this category amounted to ₱20,391 million and ₱19,568 million as at December 31, 2024 and 2023, respectively (see Note 21).

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company’s balance sheet) when:

- The rights to receive cash flows from the asset have expired, or,
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company evaluates if, and to what extent, it has retained the risks and rewards of ownership. The Company continues to recognize the transferred asset to the extent of its continuing involvement. In



that case, the Company also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets. The Company recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Company uses a provision matrix for rent and other receivables, vintage approach for receivables from sale of real estate (billed and unbilled) and general approach for treasury assets to calculate ECLs.

The Company applies provision matrix and has calculated ECLs based on lifetime ECLs. The Company recognizes a loss allowance based on lifetime ECLs at each reporting date, adjusted for forward-looking factors specific to the debtors and the economic environment.

Vintage approach accounts for ECL by calculating the cumulative loss rates of a given real estate receivable pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period. In addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors such as, but not limited to, forward-looking data on inflation rate was added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points. The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on the type of unit. In calculating the recovery rates, the Company considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, refurbishment, payment required under Maceda law, cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the time of default using the appropriate EIR, usually being the original EIR or an approximation thereof.

The Company considers a financial asset in default generally when contractual payments are 120 days past due or when the sales are cancelled supported by a notarized cancellation letter executed by the Company and unit buyer. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition and measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings and payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.



All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement. The Company classifies its financial liabilities in the following categories:

- *Financial liabilities at FVTPL.* Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including any separated derivatives, are also classified under liabilities at FVTPL, unless these are designated as hedging instruments in an effective hedge or financial guarantee contracts. Gains or losses on liabilities held for trading are recognized in the parent company statement of income under “Others - net” account. Classified as financial liabilities at FVTPL are the Company’s derivative liabilities amounting to ₱50 million and ₱150 million as at December 31, 2024 and 2023, respectively (see Note 21).

- *Loans and borrowings.* This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations or borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the parent company statement of income when the loans and borrowings are derecognized, as well as through the amortization process. Loans and borrowings are included under current liabilities if settlement is within twelve months from reporting period. Otherwise, these are classified as noncurrent liabilities.

Classified under this category are accounts payable and other current liabilities, long-term debt, tenants’ deposits, liability for purchased land and other noncurrent liabilities (except for taxes payables and other payables covered by other accounting standards). Other than those other financial liabilities whose carrying values are reasonable approximation of fair values, the aggregate carrying values of financial liabilities under this category amounted to ₱160,982 million and ₱183,137 million as at December 31, 2024 and 2023, respectively (see Note 21).

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the parent company statement of income.

Debt Issue Costs

Debt issue costs are presented as reduction in long-term debt and are amortized over the terms of the related borrowings using the effective interest method.

Derivative Financial Instruments

Initial recognition and subsequent measurement. The Company uses derivative financial instruments, such as foreign exchange forward swaps, cross currency swaps, interest rate swaps and non-deliverable forwards contracts to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.



The Company's derivative financial instruments are accounted for as either cash flow hedges or transactions not designated as hedges (see Note 21). These hedge the exposures to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge effectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges. The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the net fair value changes on cash flow hedges, while any ineffective portion is recognized immediately in the parent company statement of income. The net fair value changes on cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company designates only the elements of the foreign exchange forward swaps, cross currency swaps, interest rate swaps, and non-deliverable forwards contracts as hedging instruments to achieve its risk management objective. These elements, including changes in fair value, are recognized in OCI and accumulated in a separate component of equity under net fair value changes on cash flow hedges.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.



If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Other Derivative Instruments Not Accounted for as Hedges. Certain freestanding derivative instruments that provide economic hedges under the Company's policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair values of derivative instruments not designated as hedges are recognized immediately under "Others - net" account in the statements of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Real Estate Inventories

Real estate inventories are stated at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less costs to complete and the estimated cost to make the sale. Real estate inventories include properties being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation.

Cost incurred for the development and improvement of the properties includes the following:

- Land cost;
- Amounts paid to contractors for construction and development; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Prepaid Expenses and Other Current Assets

These consist of input tax, prepayments, advances to contractors, supplies and inventories and others. Input tax represents value added tax (VAT) paid to suppliers that can be claimed as credit against the future output VAT liabilities without prescription. Creditable withholding tax is the tax withheld by the withholding agents from payments to the Company which can be applied against the income tax payable. Prepaid taxes and other prepayments are carried at cost less amortized portion. These include prepayments for taxes and licenses, rent, advertising and promotions and insurance. Advances to contractors are carried at cost. These represent advance payments to contractors for the construction and development of the projects. These are recouped upon every progress billing payment depending on the percentage of accomplishment.

Investment Properties

These consist of commercial spaces/properties held for rental and/or capital appreciation and Right-of-Use Asset (ROUA) and land held for future development. These accounts are measured initially at cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable costs. Subsequently, investment properties, except land and construction in progress, are measured at cost, less accumulated depreciation and amortization and accumulated impairment in value, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

Property under construction or development for future use as an investment property is classified as investment property.



Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the assets:

Buildings, land and leasehold improvements	5-40 years or term of the lease, whichever is shorter
Building equipment, furniture and others	3-15 years or term of the lease, whichever is shorter
ROUA - land	Remaining lease term

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction, machineries and equipment, and other direct costs. Cost also includes interest on borrowed funds incurred during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and are ready for use.

Investment property is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statements of income in the period of retirement or disposal under “Others - net” account.

Transfers are made from investment property to inventories when, and only when, there is a change in use, as evidenced by an approved plan to construct and develop condominium and residential units for sale. Transfers are made from inventories to investment property when, and only when, there is change in use, as evidenced by commencement of an operating lease to a third party or change in the originally approved plan. The cost of property for subsequent accounting is its carrying value at the date of change in use.

Investments and Deposits

The Company’s investments in shares of stocks of subsidiaries, associates and joint ventures are accounted for under the equity method of accounting. The parent company statements of income reflect the share in the result of operations of the associate or joint venture. Deposits are for future classification to the paid-up capital of subsidiaries.

Appropriate adjustments to the Company’s share of the subsidiary’s, associate’s or joint venture’s profit or loss after acquisition are made to account for the depreciation of the depreciable assets based on their fair values at the acquisition date and for impairment losses recognized by the associate or joint venture.

The Company discontinues the use of equity method from the date when it ceases to have significant influence or joint control over an associate or joint venture and accounts for the investment in accordance with PFRS 9, from that date, provided the associate or joint venture does not become a subsidiary. When the Company’s interest in an investment in associate or joint venture is reduced to zero, additional losses are provided only to the extent that the Company has incurred obligations or made payments on behalf of the associate or joint venture to satisfy obligations of the investee that the Company has guaranteed or otherwise committed. If the associate or joint venture subsequently reports profits, the Company resumes recognizing its share of the profits if it equals the share of net losses not recognized.

Other Noncurrent Assets

Other noncurrent assets consist of bonds and deposits, receivables from sale of real estate - net of current portion, time deposits, deferred input tax and others. Other noncurrent assets are carried at cost.



Impairment of Nonfinancial Assets

The carrying values of investments and deposits, investment properties and other noncurrent assets (excluding escrow and time deposits) are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the parent company statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Customers' Deposits

Customers' deposits mainly represent reservation fees and advance payments. These deposits will be recognized as revenue in the parent company statement of income as the related obligations to the real estate buyers are fulfilled.

Capital Stock and Additional Paid-in-Capital

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as "Additional paid-in capital - net" account. "Additional paid-in capital - net" also includes equity reserves arising from merger transactions, sales and acquisition of non-controlling interests.

Retained Earnings

Retained earnings represent accumulated net profits, net of dividend distributions and other capital adjustments.

Treasury Stock

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at cost. No gain or loss is recognized in the parent company statement of income on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

Dividends

Dividends on common shares are recognized as liability and deducted from equity when declared and approved by the BOD. Dividends for the year that are approved after balance sheet date are dealt with as an event after the reporting period.



Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in majority of its revenue arrangements. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2. The following specific recognition criteria, other than those disclosed in Note 2 to the parent company financial statements, must also be met before revenue is recognized:

Rent. Revenue is recognized on a straight-line basis over the lease term or based on the terms of the lease, as applicable.

Sale of Cinema, Event and Amusement Tickets and Merchandise. Revenue is recognized upon receipt of cash from the customer which coincides with the rendering of services or the delivery of merchandise. These are included in the "Revenue - Others" account in the parent company statement of income.

Dividend. Revenue is recognized when the Company's right as a shareholder to receive the payment is established. These are included in the "Interest and dividend income" account in the parent company statement of income.

Management and Service Fees. Revenue is recognized when earned in accordance with the terms of the agreements.

Interest. Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Room Rentals, Food and Beverage, and Others. Revenue from room rentals is recognized as part of "Rent" revenue based on actual occupancy, food and beverage sales when orders are served, and other operated departments when the services are rendered. Revenue from other operated departments include, among others, business center, laundry service, and telephone service. Revenue from food and beverage sales and other hotel revenue are included under the "Revenue - Others" account in the parent company statement of income.

Revenue and Cost from Sale of Real Estate. The Company derives its real estate revenue from sale of house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date/milestones reached/time elapsed. This method measures progress of work based on physical proportion of the work done, including the impact of customized uninstalled materials, on the real estate project which requires technical determination by the Company's project engineers. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers.



Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as receivables from sale of real estate, under trade receivables, is accounted for as unbilled revenue from sale of real estate.

Any excess of collections over the total of recognized installment real estate receivables is included in the contract liabilities (or referred also in the parent company financial statements as “Unearned revenue from sale of real estate”).

Information about the Company's performance obligation. The Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under a financing scheme entered with the customer. The financing scheme would include payment of certain percentage of the contract price spread over a certain period (e.g. one to five years) at a fixed monthly payment with the remaining balance payable in full at the end of the period either through cash or external financing. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction.

The Company has a quality assurance warranty which is not treated as a separate performance obligation.

Cost of Real Estate Sold. The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of development and construction costs, contract fulfillment assets and cost to obtain contract. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of real estate sold while the portion allocable to the unsold area being recognized as part of real estate inventories. In addition, the Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

Receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. These pertain to unbilled revenue from sale of real estate. This is the right to consideration that is conditional in exchange for goods or services transferred to the customer. This is reclassified as trade receivable from sale of real estate when the monthly amortization of the customer is already due for collection.

Contract liabilities. These pertain to unearned revenue from sale of real estate. This is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. These also include customers' deposits related to sale of real estate. These are recognized as revenue when the Company performs its obligation under the contract.

Costs to obtain contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. The Company has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the



related revenue is recognized as earned. Commission expense is included in the “Costs and expenses” account in the parent company statement of income. Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets. Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Company’s contract fulfillment assets mainly pertain to cost of land.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract. The Company amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortization is included within cost of real estate sold.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Company determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs are demonstrating indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets.

Pension Benefits

The Company is a participant in the SM Corporate and Management Companies Multi-Employer Retirement Plan.

Retirement Plan. The plan is a funded, noncontributory defined benefit retirement plan administered by a Board of Trustees covering all regular full-time employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees’ projected salaries. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



Defined benefit pension costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service cost which includes current service costs, past service costs and gains or losses on non-routine settlements are recognized as part of “Costs and expenses” under “Administrative” account in the parent company statement of income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit obligation or asset is recognized as part of “Costs and expenses” under “Administrative” account in the parent company statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Company’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Foreign Currency-denominated Transactions

The parent company financial statements are presented in Philippine peso, which is SMPH’s functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange at reporting period. Nonmonetary items denominated in foreign currency are translated using the exchange rates as at the date of initial recognition. All differences are taken to the parent company statement of income.

Leases

Company as Lessor. Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rent income from operating leases are recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Company as Lessee. The Company applies a single recognition and measurement approach for all the leases except for low-value assets and short-term leases. The Company recognizes lease liabilities to make lease payments and ROUA representing the right to use the underlying asset.



At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments which includes in substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is adjusted to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company also recognized ROUA in investment properties (land lease) at the commencement date of the lease (i.e., the date the underlying asset is available for use). The initial cost of ROUA includes the amount of lease liabilities recognized less any lease payments made at or before the commencement date.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of bridgeway, machineries and equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company recognizes deferred tax asset and liability based from the lease liability and ROUA, respectively, on a gross basis, as of balance sheet date.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset as part of the cost of that asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use or sale. Borrowing costs are capitalized when it is probable that they will result in future economic benefits to the Company.

The interest capitalized is calculated using the Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on the temporary investment of those borrowings. Interest is capitalized from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed.



Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost. The Company limits exchange losses taken as amount of borrowing costs to the extent that the total borrowing costs capitalized do not exceed the amount of borrowing costs that would be incurred on functional currency equivalent borrowings. The amount of foreign exchange differences eligible for capitalization is determined for each period separately. Foreign exchange losses that did not meet the criteria for capitalization in previous years are not capitalized in subsequent years. All other borrowing costs are expensed as incurred.

Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at reporting period.

Current income tax relating to item recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided using the balance sheet liability method on temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in subsidiaries, associate and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in subsidiaries, associate and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting period.



Income tax relating to items recognized directly in the parent company statements of comprehensive income is recognized in the parent company statements of comprehensive income and not in the parent company statement of income.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as part of “Accounts payable and other current liabilities” account in the parent company balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as part of “Prepaid expenses and other current assets” account in the parent company balance sheet to the extent of the recoverable amount.

Basic/Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to owners of the Company by the weighted-average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

For the purpose of computing diluted EPS, the net income for the period attributable to owners of the Company and the weighted-average number of issued and outstanding common shares are adjusted for the effects of all dilutive potential ordinary shares, if any.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements. They are disclosed in the notes to parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period

Post year-end events that provide additional information about the Company’s financial position at the end of the reporting period (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

4. Cash and Cash Equivalents

This account consists of:

	2024	2023
	<i>(In Thousands)</i>	
Cash on hand and in banks (see Note 16)	₱861,990	₱568,436
Temporary investments (see Note 16)	911,529	3,381,984
	₱1,773,519	₱3,950,420

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 Company, and earn interest at the respective temporary investment rates.

Credit risk from balances with banks and financial institutions is managed by the Company’s treasury department in accordance with the Company’s policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are



set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Interest income earned from cash in banks and temporary investments amounted to ₱316 million and ₱566 million for the years ended December 31, 2024 and 2023, respectively (see Notes 16 and 18).

5. Receivables and Contract Assets

This account consists of:

	2024	2023
	<i>(In Thousands)</i>	
Trade:		
Sale of real estate (billed and unbilled)*	₱21,478,927	₱21,656,554
Rent:		
Third parties	8,001,307	7,508,761
Related parties (see Note 16)	3,267,311	3,006,549
Accrued interest (see Note 16)	19,687	26,816
Nontrade and others (see Note 16)	2,636,230	4,826,919
	35,403,462	37,025,599
Less allowance for ECL	622,237	623,137
	34,781,225	36,402,462
Less noncurrent portion**	8,042,730	12,170,381
	₱26,738,495	₱24,232,081

*Includes unbilled revenue from sale of real estate amounting to ₱18,127 million and ₱20,013 million as at December 31, 2024 and 2023, respectively.

**Pertains to noncurrent portion of unbilled revenue from sale of real estate included under "Other noncurrent assets" account as at December 31, 2024 and 2023.

The terms and conditions of the above receivables are as follows:

- Rent receivable from tenants are noninterest-bearing and are normally collectible on a 30 to 90 days' term. Receivables from sale of real estate pertains to sold real estate inventories at various terms of payments, which are generally noninterest-bearing.
- Accrued interest, nontrade and other receivables are normally collected throughout the next financial period.

Customer credit risk is managed by each business unit subject to the Company's established policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

There is no allowance for ECLs on receivable from sale of real estate as of December 31, 2024 and 2023. The movements in the allowance for ECLs related to receivables from rent are as follows:

	2024	2023
	<i>(In Thousands)</i>	
At beginning of year	₱623,137	₱623,055
Provisions (reversals) - net	(900)	82
At end of year	₱622,237	₱623,137



The aging analysis of receivables as at December 31 are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Neither past due nor impaired	₱29,360,824	₱31,639,784
Past due:		
Less than 30 days	1,458,035	593,426
31–90 days	1,381,876	1,280,103
91–120 days	1,754,529	284,006
Over 120 days	825,961	2,605,143
Impaired	622,237	623,137
	₱35,403,462	₱37,025,599

Receivables, except for those that are impaired, are assessed by the Company's management as not impaired, good and collectible.

The transaction price allocated to the remaining performance obligations as at December 31, 2024 and 2023 totaling ₱6,506 million and ₱5,405 million, respectively, is expected to be recognized over the construction period ranging from one to five years.

6. Equity Instruments at FVOCI

This account consists of investments in:

	2024	2023
	<i>(In Thousands)</i>	
Shares of stock:		
Listed (see Note 16)	₱20,387,485	₱19,564,896
Unlisted	3,280	3,280
	₱20,390,765	₱19,568,176

- Listed shares of stock pertain to investments in publicly-listed companies.
- Unlisted shares of stock pertain to stocks of private corporations.

Dividend income from investments at FVOCI amounted to ₱472 million and ₱385 million for the years ended December 31, 2024 and 2023, respectively (see Note 16).

The movements in the "Net fair value changes of equity instruments at FVOCI" account are as follows:

	2024	2023
	<i>(In Thousands)</i>	
At beginning of year	₱16,297,259	₱13,804,247
Unrealized gain due to changes in fair value	822,591	2,493,012
At end of year	₱17,119,850	₱16,297,259



7. Real Estate Inventories

The movements in this account are as follows:

	Land and Development	Condominium Units for Sale <i>(In Thousands)</i>	Total
Balance as at December 31, 2022	₱8,133,994	₱1,772,741	₱9,906,735
Development cost incurred	2,334,833	—	2,334,833
Cost of real estate sold	(2,542,389)	(716,924)	(3,259,313)
Transfers	(870,695)	870,695	—
Balance as at December 31, 2023	7,055,743	1,926,512	8,982,255
Development cost incurred	1,691,119	—	1,691,119
Cost of real estate sold	(806,738)	(804,040)	(1,610,778)
Transfers	(239,420)	239,420	—
Balance as at December 31, 2024	₱7,700,704	₱1,361,892	₱9,062,596

Land and development pertains to the Company's on-going residential units and condominium projects. Estimated cost to complete the projects amounted to ₱19,189 million and ₱20,982 million as at December 31, 2024 and 2023, respectively.

Condominium units for sale pertain to completed projects. These are stated at cost as at December 31, 2024 and 2023.

Contract fulfillment assets mainly pertain to unamortized portion of land cost totaling ₱290 million and ₱270 million as at December 31, 2024 and 2023, respectively.

8. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
	<i>(In Thousands)</i>	
Prepaid taxes and other prepayments	₱2,795,944	₱2,890,268
Advances to contractors	1,227,466	1,133,785
Input taxes, supplies, inventories and others	247,857	430,996
	₱4,271,267	₱4,455,049

- Prepaid taxes and other prepayments consist of prepayments for insurance, real property taxes, rent, and other expenses which are normally utilized within the next financial period.
- Advances to contractors pertain to downpayments made to suppliers or contractors to cover preliminary expenses of the contractors in construction projects. The amounts are non-interest bearing and are recouped upon every progress billing payment depending on the percentage of accomplishment. This account also includes construction bonds, rental deposits and deposits for utilities and advertisements.
- Input tax represents VAT paid to suppliers that can be claimed as credit against the future output VAT liabilities without prescription.



9. Investment Properties

The movements in this account are as follows:

	Land, Building and Leasehold Improvements	Building Equipment, Furniture and Others	ROUA - Land	Construction in Progress	Total
<i>(In Thousands)</i>					
Cost					
Balance as at December 31, 2022	₱283,937,143	₱42,270,721	₱9,215,408	₱43,550,050	₱378,973,322
Additions	9,234,113	2,293,471	—	21,371,143	32,898,727
Disposals	—	(451,775)	—	—	(451,775)
Reclassifications (see Note 10)	20,475,252	2,116,770	—	(22,999,936)	(407,914)
Balance as at December 31, 2023	313,646,508	46,229,187	9,215,408	41,921,257	411,012,360
Additions	5,931,316	2,856,966	—	29,080,962	37,869,244
Disposals	(169,778)	(526)	—	—	(170,304)
Reclassifications	10,048,596	2,145,542	—	(12,194,138)	—
Balance as at December 31, 2024	₱329,456,642	₱51,231,169	₱9,215,408	₱58,808,081	₱448,711,300
Accumulated Depreciation and Amortization					
Balance as at December 31, 2022	₱57,042,861	₱27,504,335	₱1,500,220	₱—	₱86,047,416
Depreciation and amortization	6,356,045	3,015,949	401,365	—	9,773,359
Disposals	—	(303,783)	—	—	(303,783)
Balance as at December 31, 2023	63,398,906	30,216,501	1,901,585	—	95,516,992
Depreciation and amortization	6,997,183	3,157,886	388,901	—	10,543,970
Disposals	—	(521)	—	—	(521)
Balance as at December 31, 2024	₱70,396,089	₱33,373,866	₱2,290,486	₱—	₱106,060,441
Net Book Value					
As at December 31, 2023	₱250,247,602	₱16,012,686	₱7,313,823	₱41,921,257	₱315,495,368
As at December 31, 2024	₱259,060,553	₱17,857,303	₱6,924,922	₱58,808,081	₱342,650,859



Rent income from investment properties amounted to ₱59,147 million and ₱53,952 million for the years ended December 31, 2024 and 2023, respectively.

Direct costs and expenses from investment properties which generate rent income amounted to ₱36,317 million and ₱33,592 million for the years ended December 31, 2024 and 2023, respectively.

Construction in progress includes shopping mall complex under construction, landbanking and commercial building constructions amounting to ₱58,808 million and ₱41,921 million as at December 31, 2024 and 2023, respectively.

The outstanding contracts are valued at ₱12,859 million and ₱15,185 million as at December 31, 2024 and 2023, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of the works.

Interest capitalized to the construction of investment properties amounted to ₱5,430 million and ₱4,641 million for the years ended December 31, 2024 and 2023, respectively. Capitalization rates used were 5.76% and 5.38% for the years ended December 31, 2024 and 2023, respectively.

The most recent fair value of investment properties is determined by an independent appraiser who holds a recognized and relevant professional qualification. The valuation of investment properties was based on market values using income approach and sales comparison approach. The fair value represents the amount at which the assets can be exchanged between a knowledgeable, willing seller and a knowledgeable, willing buyer in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards as set out by the International Valuation Standards Committee.

The Company has no restriction on the realizability of its investment properties.

10. Investments and Deposits

This account consists of:

	2024	2023
	<i>(In Thousands)</i>	
Investments and deposits in:		
Subsidiaries	₱272,032,820	₱251,125,185
Associate and joint ventures	30,254,243	28,766,575
	302,287,063	279,891,760
Due from subsidiaries* (see Notes 16, 20 and 21)	3,851,176	7,108,283
	₱306,138,239	₱287,000,043

**Accounted for as financial assets at FVTPL.*



The movements in the investments and deposits account are as follows:

	Subsidiaries	Associate and Joint Ventures	Total
		(In Thousands)	
Balance as at December 31, 2022	₱238,366,385	₱27,112,183	₱265,478,568
Equity in net earnings	14,903,161	1,914,095	16,817,256
Additions	1,516,712	—	1,516,712
Dividends	(3,343,748)	(259,703)	(3,603,451)
Share in OCI	(353,032)	—	(353,032)
Other changes in equity of subsidiary	35,707	—	35,707
Balance as at December 31, 2023	251,125,185	28,766,575	279,891,760
Equity in net earnings	18,112,635	1,828,769	19,941,404
Additions	5,487,259	—	5,487,259
Dividends	(3,724,548)	(341,101)	(4,065,649)
Share in OCI	1,028,016	—	1,028,016
Other changes in equity of subsidiary	4,273	—	4,273
Balance as at December 31, 2024	₱272,032,820	₱30,254,243	₱302,287,063

Subsidiaries

The ownership interests in subsidiaries accounted for under the equity method consist of the following:

Company	Country of Incorporation	Percentage of Ownership	
		2024	2023
<i>Mall</i>			
A. Canicosa Holdings, Inc.	Philippines	100.0	100.0
AD Canicosa Properties, Inc.	- do -	100.0	100.0
Associated Development Corporation	- do -	100.0	100.0
Britannia Trading Corp. and Subsidiaries	- do -	100.0	100.0
CHAS Realty and Development Corporation and Subsidiaries	- do -	100.0	100.0
Cherry Realty Development Corporation	- do -	100.0	100.0
Consolidated Prime Dev. Corp.	- do -	100.0	100.0
Magenta Legacy, Inc.	- do -	100.0	100.0
Premier Central, Inc. and Subsidiary	- do -	100.0	100.0
Premier Southern Corp.	- do -	100.0	100.0
Prime Metroestate, Inc. and Subsidiary	- do -	100.0	100.0
Prime Commercial Property Management Corp. and Subsidiaries	- do -	100.0	100.0
Rushmore Holdings, Inc.	- do -	100.0	100.0
San Lazaro Holdings Corporation	- do -	100.0	100.0
Simply Prestige Limited and Subsidiaries	British Virgin Islands (BVI)	100.0	100.0
SM Arena Complex Corporation	Philippines	100.0	100.0
SM Land (China) Limited and Subsidiaries	Hong Kong	100.0	100.0
Southernpoint Properties Corp.	Philippines	100.0	100.0
Springfield Global Enterprises Limited	BVI	100.0	100.0
Supermalls Transport Services, Inc.	Philippines	100.0	100.0
First Asia Realty Development Corporation	- do -	74.2	74.2
Mindpro Incorporated*	- do -	70.0	70.0
First Leisure Ventures Group Inc. (FLVGI)	- do -	50.0	50.0
<i>Residential</i>			
SM Development Corporation and Subsidiaries (SMDC)	- do -	100.0	100.0
Costa del Hamilo, Inc. and Subsidiary	- do -	100.0	100.0
Highlands Prime Inc. and Subsidiary	- do -	100.0	100.0



Company	Country of Incorporation	Percentage of Ownership	
		2024	2023
<i>Hotels and Convention Centers</i>			
SM Hotels and Conventions Corp. and Subsidiaries	- do -	100.0	100.0
<i>Commercial, Integrated Property Development and Others</i>			
MOA Esplanade Port, Inc.	- do -	100.0	100.0
Premier Clark Complex, Inc.	- do -	100.0	100.0
SM Smart City Infrastructure and Development Corporation	- do -	100.0	100.0
Tagaytay Resort Development Corporation	- do -	100.0	100.0
SM GUUN Environmental Company, Inc.**	- do -	70.0	—
SMPHI SG Holdings Pte. Ltd.***	Singapore	100.0	—

*In 2023, the Company infused additional investments without change in its ownership interest.

**In 2024, SM GUUN Environmental Company, Inc. was incorporated to be engaged in recycling and repurposing waste of any kind.

***In 2024, the Company incorporated SMPHI SG Holdings Pte. Ltd. as an investing and financing company.

FLVGI is accounted for as a subsidiary by virtue of control, as evidenced by the majority members of the BOD representing the Company.

Associate and Joint Ventures

The ownership interests in associate and joint ventures accounted for under the equity method consist of the following:

Company	Country of Incorporation	Percentage of Ownership	
		2024	2023
<i>Associate</i>			
Ortigas Land Corporation (OLC)	Philippines	39.96	39.96
<i>Joint Ventures (collectively, Waltermart)</i>			
Winsome Development Corporation	Philippines	51.00	51.00
Willin Sales, Inc.	- do -	51.00	51.00
Willimson, Inc.	- do -	51.00	51.00
Waltermart Ventures, Inc.	- do -	51.00	51.00
WM Development, Inc.	- do -	51.00	51.00
WM Shopping Center Management Inc.	- do -	51.00	51.00

The carrying value of investment in OLC amounted to ₱21,544 million and ₱20,615 million as at December 31, 2024 and 2023, respectively, which consists of its proportionate share in the net assets of OLC and fair value adjustments. The share in profit, net of dividend received amounted to ₱929 million and ₱1,142 million for the years ended December 31, 2024 and 2023, respectively.

The aggregate carrying values of investments in Waltermart amounted to ₱8,710 million and ₱8,152 million as at December 31, 2024 and 2023, respectively. The aggregate share in profit and total comprehensive income, net of dividends received amounted to ₱558 million and ₱513 million for the years ended December 31, 2024 and 2023, respectively.

The Company has no outstanding contingent liabilities or capital commitments related to its investments in associate and joint ventures as at December 31, 2024 and 2023.



11. Accounts Payable and Other Current Liabilities

This account consists of:

	2024	2023
	(In Thousands)	
Trade	₱36,593,249	₱32,318,283
Accrued operating expenses:		
Third parties	3,143,451	3,140,883
Related parties (see Note 16)	40,102	34,400
Tenants' and customers' deposits* (see Note 19)	22,048,734	20,368,629
Lease liabilities	10,163,159	10,294,096
Deferred output VAT	2,336,058	2,152,186
Liability for purchased land	1,659,802	2,645,928
Accrued interest	1,542,830	1,756,894
Payable to government agencies	1,041,777	382,972
Nontrade and others	2,462,783	3,777,759
	81,031,945	76,872,030
Less noncurrent portion	35,843,950	35,425,085
	₱45,187,995	₱41,446,945

* Includes unearned revenue from sale of real estate amounting to ₱1,149 million and ₱879 million as at December 31, 2024 and 2023, respectively, out of which ₱105 million and ₱357 million were recognized as revenue in 2024 and 2023, respectively.

The terms and conditions of the above liabilities follow:

- Trade payables primarily consist of liabilities to suppliers and contractors, which are noninterest-bearing and are normally settled within a 30-day term.
- Accrued operating expenses are normally settled throughout the financial period. Accrued operating expenses - third parties consist of:

	2024	2023
	(In Thousands)	
Utilities	₱2,754,243	₱2,795,117
Marketing, advertising and others	356,702	297,358
Payable to contractors	32,506	48,408
	₱3,143,451	₱3,140,883

The terms and conditions relating to accrued operating expenses with related parties are further discussed in Note 16.

- Deferred output VAT represents output VAT on unpaid portion of recognized receivable from sale of real estate. This amount is reported as output VAT upon collection of the receivables.
- Lease liabilities included in "Other noncurrent liabilities" amounted to ₱10,035 million and ₱10,186 million as at December 31, 2024 and 2023, respectively. Interest on lease liabilities included under "Others - net" in the parent company statements of income amounted to ₱236 million and ₱270 million as at December 31, 2024 and 2023, respectively (see Note 19).
- Liability for purchased land, accrued interest, payable to government agencies and nontrade payables are expected to be settled throughout the next financial period.



12. Long-term Debt

This account consists of:

	Availability Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				2024	2023
				(In Thousands)	
Philippine peso-denominated loans	September 1, 2014 - June 24, 2024	May 18, 2024 - April 22, 2032	Floating BVAL + margin; Fixed - 5.81%	₱147,831,040	₱150,332,740
U.S. dollar-denominated loans*	April 27, 2021 - March 29, 2022	March 29, 2026 - March 30, 2026	SOFR + spread; quarterly	34,707,000	33,222,000
				182,538,040	183,554,740
Less debt issue cost				1,045,999	1,239,319
				181,492,041	182,315,421
Less current portion				43,983,574	22,194,012
				₱137,508,467	₱160,121,409

BVAL – Bloomberg Valuation Service

SOFR – Secured Overnight Financing Rate

**Hedged against foreign exchange and interest rate risks using derivative instruments (see Note 21)*



Debt Issue Costs

The movements in unamortized debt issue costs of the Company follows:

	2024	2023
	<i>(In Thousands)</i>	
Balance at beginning of year	₱1,239,319	₱1,336,777
Additions	302,303	436,889
Amortization	(495,623)	(534,347)
Balance at end of year	₱1,045,999	₱1,239,319

Amortization of debt issuance costs is recognized in the parent company statements of income under “Others - net” account.

Repayment and Debt Issue Cost Schedule

The repayments of long-term debt are scheduled as follows:

	Gross Loan	Debt Issue Cost	Net
	<i>(In Thousands)</i>		
Within 1 year	₱44,434,560	(₱450,986)	₱43,983,574
More than 1 year to 5 years	125,603,480	(558,683)	125,044,797
More than 5 years	12,500,000	(36,330)	12,463,670
	₱182,538,040	(₱1,045,999)	₱181,492,041

The loan agreements of the Company provide certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control. As at December 31, 2024 and 2023, the Company is in compliance with the terms of its loan covenants.

Interest expense incurred from long-term debt amounted to ₱4,773 million and ₱5,610 million for the years ended December 31, 2024 and 2023, respectively (see Note 18).

13. **Equity**

Capital Stock

As at December 31, 2024 and 2023, the Company has an authorized capital stock of 40,000 million with a par value of ₱1 a share, of which 33,166 million shares were issued. The Company has 28,879 million outstanding shares as at December 31, 2024 and 2023.

The following summarizes the information on the Company’s registration of securities under the Securities Regulation Code:

Date of SEC Approval/ Notification to SEC	Authorized Shares	No. of Shares Issued	Issue/Offer Price
March 15, 1994	10,000,000,000	—	₱—
April 22, 1994	—	6,369,378,049	5.35
May 29, 2007	10,000,000,000	—	—
May 20, 2008	—	912,897,212	11.86
October 14, 2010	—	569,608,700	11.50
October 10, 2013	20,000,000,000	15,773,765,315	19.50



SMPH declared stock dividends in 2012, 2007, 1996 and 1995. The total number of shareholders is 2,313 and 2,330 as at December 31, 2024 and 2023, respectively.

Additional Paid-in Capital - Net

Following represents the nature of the “Additional paid-in capital – net”:

	2024	2023
	<i>(In Thousands)</i>	
Paid-in subscriptions in excess of par value	₱33,331,028	₱33,331,028
Arising from merger	28,465,748	28,465,748
Arising from acquisition of non-controlling interests by a subsidiary	24,455,046	24,450,773
As presented in the parent company balance sheets	₱86,251,822	₱86,247,549

Retained Earnings

In 2024, the BOD approved the declaration of cash dividend of ₱0.346 per share or ₱9,992 million to stockholders of record as of May 8, 2024. This was paid on May 22, 2024. In 2023, the BOD approved the declaration of cash dividend of ₱0.237 per share or ₱6,844 million to stockholders of record as of May 10, 2023. This was paid on May 24, 2023.

On December 9, 2024, the Company’s BOD approved the appropriation of retained earnings amounting to ₱100,000 million. On the same date, the BOD approved the reversal of appropriated retained earnings amounting to ₱42,200 million.

As at December 31, 2024 and 2023, the retained earnings appropriated amounted to ₱100,000 million and ₱42,200 million, respectively, for planned construction projects and land banking activities. This represents a continuing appropriation to cover the Company’s capital expenditure. Approval of expansions and new projects is delegated by the BOD to the Executive Committee of the Company.

The unappropriated retained earnings account is restricted for the payment of dividends to the extent of the accumulated equity in net earnings of subsidiaries, associates and joint ventures and the balance of treasury stock until such time that the Company receives the dividends from its subsidiaries, associates and joint ventures. The unappropriated retained earnings available for dividend declaration amounted to ₱77,131 million and ₱115,550 million as at December 31, 2024 and 2023, respectively.

Treasury Stock

As at December 31, 2024 and 2023, this includes reacquired capital stock totaling 4,287 million shares, stated at acquisition cost of ₱2,614 million.

14. Income Tax

The provision for current income tax pertains to regular corporate income tax in 2024 and 2023.

In 2024 and 2023, the Company elected to use optional standard deduction in an amount equivalent to 40% of the gross income, as provided by law, in lieu of the itemized allowable deductions.



The details of the Company's deferred tax assets and liabilities as at December 31 are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Deferred tax assets:		
Lease liabilities and others	₱1,526,078	₱1,545,310
Retirement liability	63,881	43,372
	1,589,959	1,588,682
Deferred tax liabilities:		
Undepreciated capitalized interest, unrealized foreign exchange gains and others	(2,331,635)	(2,413,342)
Unrealized gross profit on sale of real estate	(1,673,434)	(1,651,876)
ROUA	(1,038,738)	(1,097,073)
	(5,043,807)	(5,162,291)
Deferred tax liabilities - net	(₱3,453,848)	(₱3,573,609)

The reconciliation between the statutory tax rates and effective tax rates on income before income tax as shown in the parent company statements of income are as follows:

	2024	2023
Statutory tax rate	25.00%	25.00%
Income tax effects of:		
Equity in net earnings of subsidiaries, associate and joint ventures	(9.77)	(9.42)
Interest income subjected to final tax and dividend income exempt from income tax	(0.41)	(0.55)
Nondeductible expenses and others	(3.48)	(2.31)
Effective tax rates	11.34%	12.72%

15. Pension Benefits

The Company has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The latest actuarial valuation report is as at December 31, 2024.

The following tables summarize the components of the pension plan as at December 31:

Net Pension Cost (included under "Costs and expenses" account under "Administrative")

	2024	2023
	<i>(In Thousands)</i>	
Current service cost	₱56,879	₱43,361
Interest - net	9,016	(1,056)
Net pension cost	₱65,895	₱42,305



Net Pension Liability (included under (“Other noncurrent liabilities” account))

	2024	2023
	<i>(In Thousands)</i>	
Fair value of plan assets	₱729,070	₱679,636
Defined benefit obligation	(1,020,546)	(833,027)
Net pension liability	(₱291,476)	(₱153,391)

The changes in the present value of the defined benefit obligation are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Balance at beginning of year	₱833,027	₱626,557
Current service cost	56,879	43,361
Interest cost	52,064	42,543
Actuarial loss (gain) on:		
Changes in financial assumptions	(142,955)	128,018
Experience adjustments	267,288	40,041
Changes in demographic assumptions	522	(82)
Benefits paid	(51,365)	(43,448)
Transfer from (to) the plan	5,086	(3,963)
Balance at end of year	₱1,020,546	₱833,027

The changes in the effect of asset ceiling limit are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Balance at beginning of year	₱—	₱345
Interest cost	—	24
Remeasurement gain	—	(369)
Balance at end of year	₱—	₱—

The changes in the fair value of plan assets are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Balance at beginning of year	₱679,636	₱635,446
Contributions	64,538	61,427
Interest income	43,048	43,623
Transfer from (to) the plan	5,086	(3,963)
Benefits paid	(51,365)	(43,448)
Remeasurement loss	(11,873)	(13,449)
Balance at end of year	₱729,070	₱679,636



The carrying amounts of the plan assets below equal to its fair values as at December 31, 2024 and 2023.

	2024	2023
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱23,005	₱3,326
Investments in:		
Government securities	378,224	364,367
Common trust funds	271,510	237,019
Debt and other securities	50,710	69,902
Other financial assets	5,621	5,022
	₱729,070	₱679,636

The plan assets consist of the following:

- Cash and cash equivalents include regular savings and time deposits;
- Investments in government securities consist of retail treasury bonds which bear interest based on prevailing market rates and have maturities ranging from 2026 to 2034;
- Investments in common trust funds pertain to unit investment trust fund;
- Investments in debt and other securities consist of short-term and long-term corporate loans, notes and bonds which bear interest based on prevailing market rates and have maturities ranging from 2025 to 2029; and
- Other financial assets include accrued interest income on cash deposits held by the Retirement Plan.

Debt and other securities and government securities have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse instruments and do not have any concentration of risk.

The following table summarizes the outstanding balances and transactions of the pension plan as at and for the years ended December 31:

	2024	2023
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱23,005	₱3,326
Interest income from cash and cash equivalents	516	426
Investments in common trust funds	271,510	237,019
Gain from investments in common trust funds	8,798	13,686

The principal assumptions used in determining pension obligations for the Company's plan are shown below:

	2024	2023
Discount rate	6.1%	6.3%
Future salary increases	5.0%	10.0%



Remeasurement effects recognized in OCI at December 31 follow:

	2024	2023
	<i>(In Thousands)</i>	
Actuarial loss	₱136,728	₱181,057
Income tax effect	(20,510)	(27,158)
	₱116,218	₱153,899

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023, respectively, assuming all other assumptions were held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
2024		<i>(In Thousands)</i>
Discount rates	100	(₱22,556)
	(100)	24,899
Future salary increases	100	24,921
	(100)	(22,988)
2023		
Discount rates	100	(₱33,397)
	(100)	37,343
Future salary increases	100	35,656
	(100)	(32,598)

The Company and the pension plan have no specific matching strategies between the pension plan assets and the defined benefit obligation under the pension plan.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2024 and 2023, respectively:

Year 2024	Amount
	<i>(In Thousands)</i>
2025	₱744,579
2026	54,796
2027-2029	137,917
2030-2034	283,155
Year 2023	Amount
	<i>(In Thousands)</i>
2024	₱473,158
2025	64,132
2026-2027	100,247
2028-2033	429,531

The Company expects to contribute ₱72 million to its defined benefit pension plan in 2025.

The weighted average duration of the defined benefit obligation is 2.3 years and 4.3 years as of December 31, 2024 and 2023, respectively.



16. Related Party Transactions

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. Related parties may be individuals or corporate entities.

Terms and Conditions of Transactions with Related Parties

There have been no guarantees/collaterals provided or received for any related party receivables or payables. For the years ended December 31, 2024 and 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Settlement of the outstanding balances normally occurs in cash. The Company has approval process and established limits when entering into material related party transactions.

The significant related party transactions entered into by the Company with its related parties and the amounts included in the parent company financial statements with respect to such transactions follow:

	Amount of Transactions		Outstanding Amount [Asset (Liability)]		Terms	Conditions
	2024	2023	2024	2023		
(In Thousands)						
Ultimate Parent						
Rent income	₱77,817	₱69,449	₱–	₱–		
Rent receivable	–	–	13,547	7,899	Non-interest bearing	Unsecured; not impaired
Other revenue	31,200	31,200	–	–		
Other receivable	–	–	3,061	2,912	Non-interest bearing	Unsecured; not impaired
Rent expense	122,938	125,535	–	–		
Management and service fee expense	20,500	1,334	–	–		
Accrued management and service fee	–	–	(9,233)	(983)	Non-interest bearing	Unsecured; not impaired
Dividend income	1,315	1,096	–	–		
Equity instruments at FVOCI	–	–	131,347	127,403	Non-interest bearing	Unsecured; not impaired
Subsidiaries						
Rent income	128,348	114,254	–	–		
Rent receivable	–	–	76,381	87,978	Non-interest bearing	Unsecured; not impaired
Rent expense	61,641	53,211	–	–		
Management and service fee expense	6,941,030	5,500,489	–	–		
Accrued management and service fee	–	–	(30,595)	(33,142)	Non-interest bearing	Unsecured; not impaired
Banking and Retail Group Affiliates						
Cash and cash equivalents	2,538,190,948	2,843,556,231	1,345,540	3,528,566	Interest rates based on prevailing rates	Unsecured; not impaired
Rent income	15,574,669	14,787,688	–	–		
Rent receivable	–	–	3,116,785	2,867,896	Non-interest bearing	Unsecured; not impaired
Interest income	357,017	595,260	–	–		
Accrued interest receivable	–	–	11,097	16,589	Non-interest bearing	Unsecured; not impaired
Escrow and time deposits	108,161	–	919,237	706,084	Interest bearing	Unsecured; not impaired
Management and service fee expense	3,879	6,502	–	–		
Accrued management and service fee	–	–	(275)	(275)	Non-interest bearing	Unsecured; not impaired
Dividend income	405,110	324,088	–	–		
Equity instruments at FVOCI	–	–	15,556,215	14,097,820	Non-interest bearing	Unsecured; not impaired
Other Related Parties						
Rent income	165,852	244,649	–	–		
Rent receivable	–	–	60,598	42,776	Non-interest bearing	Unsecured; not impaired
Rent expense	10,461	9,978	–	–		

Due from related parties amounted to ₱3,851 million and ₱7,108 million as at December 31, 2024 and 2023, respectively, which are due on demand, non-interest bearing and are not impaired. The amount of transactions with related parties amounted to nil and ₱1,640 million for the years ended December 31, 2024 and 2023, respectively.

Banking and retail entities and other related parties are affiliate that is neither a parent, subsidiary, nor an associate, with stockholders common to the SM Group or under common control.



Below are the nature of the Company's transactions with the related parties:

Rent

The Company has existing lease agreements for office and commercial spaces with related companies.

Management and Service Fees

The Company pays management and service fees to certain subsidiaries for the operation, maintenance and administration of the offices, malls, and hotels.

Dividend Income

The Company's equity instruments at FVOCI of certain affiliates earn income upon the declaration of dividends by the investees.

Cash Placements and Loans

The Company has certain bank accounts and cash placements that are maintained with the banking group. Such accounts earn interest based on prevailing market interest rates (see Note 4).

Compensation of Key Management Personnel

The aggregate compensation and benefits related to key management personnel for the years ended December 31, 2024 and 2023 consist of short-term employee benefits amounting to ₱288 million and ₱266 million, respectively, and post-employment benefits (pension benefits) amounting to ₱59 million and ₱36 million, respectively.

17. Other Revenues

Details of other revenue follows:

	2024	2023
	<i>(In Thousands)</i>	
Cinema and event ticket sales	₱3,293,080	₱2,926,336
Merchandise sales	2,875,890	2,542,000
Food and beverages	2,292,789	2,020,401
Amusement income	1,313,244	1,324,424
Bowling and ice skating fees	376,582	308,697
Advertising income	31,399	40,837
Others (Note 16)	1,218,756	1,040,817
	₱11,401,740	₱10,203,512

Others include service fees, parking terminal, sponsorships, commissions and membership revenue.



18. Interest Income and Interest Expense

The details of the sources of interest income and interest expense follow:

	2024	2023
	<i>(In Thousands)</i>	
Interest income on:		
Cash and cash equivalents (see Note 4)	₱315,988	₱566,259
Escrow and time deposits	42,055	29,793
Others	9,249	12,543
	₱367,292	₱608,595
Interest expense on:		
Long-term debt (see Note 12)	₱4,772,506	₱5,609,661
Loans payable	194,208	37,500
	₱4,966,714	₱5,647,161

19. Lease Agreements

Company as Lessor

The Company's lease agreements with its mall and commercial tenants are generally granted for a term of one year, with the exception of some of the larger tenants operating nationally, which are granted initial lease terms of 5 years for mall tenants and 2 to 20 years for commercial property tenants, renewable on an annual basis thereafter. At the inception of the lease agreement, tenants are required to pay certain amounts of deposits. At the termination of the lease contracts, the deposits received by the Company are returned to tenants, reduced by unpaid rental fees, penalties and/or deductions from repairs of damaged leased properties, if any. Tenants likewise pay either a fixed monthly rent, which is calculated with reference to a fixed sum per square meter of area leased, or pay rent on a percentage rental basis, which comprises of a basic monthly amount and a percentage of gross sales or a minimum set amount, whichever is higher.

The Company's future minimum rent receivables for the noncancellable portions of the operating leases follow:

	2024	2023
	<i>(In Thousands)</i>	
Within one year	₱4,007,066	₱5,493,154
After one year but not more than five years	10,350,637	8,543,644
After more than five years	4,637,324	5,439,072
	₱18,995,027	₱19,475,870

Rent income amounted to ₱59,147 million and ₱53,952 million for the years ended December 31, 2024 and 2023, respectively.

Company as Lessee

The Company also leases certain parcels of land where some of its malls are situated or constructed. The terms of the lease are for periods ranging from 15 to 50 years, renewable for the same period under the same terms and conditions. Rent payments are generally computed based on a certain percentage of the Company's gross rent income or a certain fixed amount, whichever is higher.



Amounts recognized in the parent company statements of income:

	2024	2023
	<i>(In Thousands)</i>	
Depreciation expense on ROUA (see Note 9)	₱388,901	₱401,365
Interest expense on lease liabilities (see Note 11)	235,555	269,891
Rent expense	1,320,510	1,175,611
	₱1,944,966	₱1,846,867

The maturity analysis of the undiscounted lease payments as at December 31, 2024 and 2023, respectively, are presented in Note 20 to the parent company financial statements.

20. Financial Risk Management Objectives and Policies

The Company's principal financial instruments, other than derivatives, comprise of cash and cash equivalents, accrued interest and other receivables, equity instruments at FVOCI and bank loans. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Company also enters into derivative transactions, principally, interest rate swaps and foreign exchange forward swaps. The purpose is to manage the interest rate and foreign currency risks arising from the Company's operations and its sources of finance (see Note 21).

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Company's BOD and management review and agree on the policies for managing each of these risks and they are summarized in the following tables.

Interest Rate Risk

The Company's policy is to manage its interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, it enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to economically hedge underlying debt obligations. As at December 31, 2024 and 2023, after considering the effect of interest rate swaps, approximately 94% of its long-term borrowings are at a fixed rate of interest (see Note 21).



The following tables set out the carrying amount, by maturity, of the Company's long-term financial liabilities that are exposed to interest rate risk as at December 31, 2024 and 2023:

	2024					
	Interest Rate	1–<2 Years	2–<3 Years	3–<4 Years	4–<5 Years	Total
			(In Thousands)			
U.S. dollar-denominated loans	SOFR + spread	–	–	\$200,000	–	₱11,569,000
Less debt issue cost						86,652
						₱11,482,348
	2023					
	Interest Rate	1–<2 Years	2–<3 Years	3–<4 Years		Total
			(In Thousands)			
U.S. dollar-denominated loans	SOFR + spread	–	–	\$200,000	–	₱11,074,000
Less debt issue cost						147,166
						₱10,926,834



Interest Rate Risk Sensitivity Analysis. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's income before income tax.

	Increase (Decrease) in Basis Points	Effect on Income before Income Tax (In Thousands)
2024	100	(P12,433)
	50	(6,217)
	(100)	12,433
	(50)	6,217
2023	100	(P10,970)
	50	(5,485)
	(100)	10,970
	(50)	5,485

Fixed rate debts, although subject to fair value interest rate risk, are not included in the sensitivity analysis as these are carried at amortized costs. The assumed movement in basis points for interest rate sensitivity analysis is based on currently observable market environment, showing a significantly higher volatility as in prior years.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's policy is to manage its foreign currency risk mainly from its debt issuances which are denominated in U.S. dollars by entering into foreign currency swap contracts, cross currency swaps and non-deliverable forwards aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flow.

The Company's foreign currency-denominated monetary assets amounted to US\$13 million (P758 million) as at December 31, 2024 and US\$18 million (P979 million) as at December 31, 2023.

In translating the foreign currency-denominated monetary assets and liabilities to peso amounts, the exchange rates used were P57.85 to US\$1.00 and P55.37 to US\$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2024 and 2023, respectively.

Foreign Currency Risk Sensitivity Analysis. The following table demonstrates the sensitivity to a reasonably possible change in U.S. dollar to Philippine peso exchange rate, with all other variables held constant, of the Company's income before income tax (due to changes in the fair value of monetary assets, including the impact of derivative instruments). There is no impact on the Company's equity.

	Appreciation (Depreciation) of \$	Effect on Income before Tax (In Thousands)
2024	1.50	P19,653
	1.00	13,102
	(1.50)	(19,653)
	(1.00)	(13,102)



	Appreciation (Depreciation) of \$	Effect on Income before Tax (In Thousands)
2023	1.50	₱26,512
	1.00	17,674
	(1.50)	(26,512)
	(1.00)	(17,674)

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments or that a market for derivatives may not exist in some circumstance.

The Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Company intends to use internally generated funds and proceeds from debt and equity issues.

As part of its liquidity risk management program, the Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans and debt capital and equity market issues.

The Company's financial assets, which have maturities of less than 12 months and used to meet its short-term liquidity needs are cash and cash equivalents amounting to ₱1,774 million and ₱3,950 million as at December 31, 2024 and 2023, respectively (see Note 4). The Company also has readily available credit facility with banks and affiliates to meet its long-term financial liabilities.

The tables below summarize the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments as at December 31:

	2024			
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	Total
	(In Thousands)			
Accounts payable and other current liabilities*	₱42,812,875	₱—	₱—	₱42,812,875
Long-term debt (including current portion and interest)	54,554,828	144,342,850	14,795,938	213,693,616
Derivative liabilities	—	50,447	—	50,447
Tenants' deposits - net of current portion**	—	3,765,554	17,074,453	20,840,007
Lease liabilities	673,946	2,630,036	19,671,942	22,975,924
Other noncurrent liabilities***	—	2,440,559	192,786	2,633,345
	₱98,041,649	₱153,229,446	₱51,735,119	₱303,006,214



	2023			Total
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	
	(In Thousands)			
Accounts payable and other current liabilities*	₱39,816,322	₱—	₱—	₱39,816,322
Long-term debt (including current portion and interest)	32,785,904	152,428,003	32,484,094	217,698,001
Derivative liabilities	—	150,193	—	150,193
Tenants' deposits - net of current portion**	—	3,364,854	15,815,377	19,180,231
Lease liabilities	669,482	2,663,270	20,349,465	23,682,217
Other noncurrent liabilities***	—	3,835,762	—	3,835,762
	₱73,271,708	₱162,442,082	₱68,648,936	₱304,362,726

*Excluding nonfinancial liabilities and lease liabilities totaling to ₱2,375 million and ₱1,631 million as at December 31, 2024 and 2023, respectively.

**Excluding residential customers' deposits amounting to ₱87 million and ₱71 million as at December 31, 2024 and 2023, respectively.

***Excluding nonfinancial liabilities and lease liabilities totaling to ₱12,576 million and ₱12,480 million as at December 31, 2024 and 2023, respectively.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments (see Notes 4, 5 and 6).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The fair values of these financial assets are disclosed in Note 21. For receivables from real estate sale, the title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Company evaluates the concentration of risk with respect to trade receivables and unbilled revenue from sale of real estate as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

As at December 31, 2024 and 2023, the financial assets, except for certain receivables, are generally viewed by management as good and collectible considering the credit history of the counterparties (see Note 5). Past due or impaired financial assets are very minimal in relation to the Company's total financial assets.

Credit Quality of Financial Assets. The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High Quality. Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.



As at December 31, 2024 and 2023, the credit quality of the Company's financial assets is as follows:

2024				
	Neither Past Due Nor Impaired			
	High Quality	Standard Quality	Past Due	Total
<i>(In Thousands)</i>				
Financial assets at amortized cost				
Cash and cash equivalents*	₱1,696,353	₱—	₱—	₱1,696,353
Receivables **	56,816	11,177,293	5,420,400	16,654,509
Escrow and time deposits (included under "Other noncurrent assets")	919,237	—	—	919,237
Financial assets at FVTPL				
Derivative assets	2,560,718	—	—	2,560,718
Due from subsidiaries (included under "Investments and deposits")	3,851,176	—	—	3,851,176
Financial assets at FVOCI				
Equity instruments	20,387,485	3,280	—	20,390,765
	₱29,471,785	₱11,180,573	₱5,420,400	₱46,072,758

*Excluding cash on hand amounting to ₱77 million.

**Excluding nonfinancial assets amounting to ₱10,084 million.

2023				
	Neither Past Due Nor Impaired			
	High Quality	Standard Quality	Past Due	Total
<i>(In Thousands)</i>				
Financial assets at amortized cost				
Cash and cash equivalents*	₱3,873,404	₱—	₱—	₱3,873,404
Receivables **	61,019	11,567,076	4,762,679	16,390,774
Escrow and time deposits (included under "Other noncurrent assets")	706,084	—	—	706,084
Financial assets at FVTPL				
Derivative assets	2,080,879	—	—	2,080,879
Due from subsidiary (included under "Investments and deposits")	7,108,283	—	—	7,108,283
Financial assets at FVOCI				
Equity instruments	19,564,896	3,280	—	19,568,176
	₱33,394,565	₱11,570,356	₱4,762,679	₱49,727,600

*Excluding cash on hand amounting to ₱77 million.

**Excluding nonfinancial assets amounting to ₱7,841 million.

Equity Price Risk

Equity price risk arises from the changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

As a policy, management monitors its equity price risk pertaining to its investments in quoted equity securities which are classified as equity instruments designated at FVOCI based on market expectations. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.



The effect on equity after income tax (as a result of change in fair value of equity instruments at FVOCI as at December 31, 2024 and 2023) due to a possible change in equity indices, based on historical trend of PSE index, with all other variables held constant is as follows:

2024		
	Change in Equity Price	Effect on Equity
		<i>(In Thousands)</i>
Equity instruments at FVOCI	+1.09%	₱237,921
	-1.09%	(237,921)
2023		
	Change in Equity Price	Effect on Equity
		<i>(In Thousands)</i>
Equity instruments at FVOCI	+1.63%	₱335,831
	-1.63%	(335,831)

Capital Management

Capital includes equity attributable to the owners of the Parent.

The primary objective of the Company'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 Company 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 Company may adjust the dividend payment to shareholders, payoff existing debts, return capital to shareholders or issue new shares.

The Company monitors capital using the gearing ratios as at December 31:

Net Interest-bearing Debt to Total Capital plus Net Interest-bearing Debt

	2024	2023
		<i>(In Thousands)</i>
Current portion of long-term debt	₱43,983,574	₱22,194,012
Long-term debt - net of current portion	137,508,467	160,121,409
Cash and cash equivalents	(1,773,519)	(3,950,420)
Total net interest-bearing debt (a)	179,718,522	178,365,001
Total equity	475,983,256	439,673,716
Total net interest-bearing debt and stockholders' equity (b)	₱655,701,778	₱618,038,717
Gearing ratio (a/b)	27%	29%



21. Financial Instruments

Fair Values

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities and nonfinancial assets, by category and by class, other than those whose carrying values are reasonable approximations of fair values, as at December 31:

	December 31, 2024				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
<i>(In Thousands)</i>					
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	₱2,560,718	₱2,560,718	₱—	₱2,560,718	₱—
Due from subsidiaries (included under “Investments and deposits”)	3,851,176	3,851,176	—	—	3,851,176
Financial assets at FVOCI:					
Equity instruments	20,390,765	20,390,765	20,387,485	—	3,280
Nonfinancial Assets* (see Note 9)	342,650,859	1,616,970,067	—	—	1,616,970,067
	₱369,453,518	₱1,643,772,726	₱20,387,485	₱2,560,718	₱1,620,824,523
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱50,447	₱50,447	₱—	₱50,447	₱—
Loans and borrowings:					
Long-term debt - net of current portion	137,508,467	135,014,380	—	—	135,014,380
Tenants’ deposits - net of current portion**	20,840,007	20,749,497	—	—	20,749,497
Other noncurrent liabilities***	2,633,345	2,621,908	—	—	2,621,908
	₱161,032,266	₱158,436,232	₱—	₱50,447	₱158,385,785

*Consists of investment properties.

**Excluding residential customers’ deposits amounting to ₱87 million

***Excluding lease liabilities and nonfinancial liabilities amounting to ₱12,576 million.

	December 31, 2023				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
<i>(In Thousands)</i>					
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	₱2,080,879	₱2,080,879	₱—	₱2,080,879	₱—
Due from subsidiaries (included under “Investments and deposits”)	7,108,283	7,108,283	—	—	7,108,283
Financial assets at FVOCI:					
Equity instruments	19,568,176	19,568,176	19,564,896	—	3,280
Nonfinancial Assets* (see Note 9)	315,495,368	1,399,325,757	—	—	1,399,325,757
	₱344,252,706	₱1,428,083,095	₱19,564,896	₱2,080,879	₱1,406,437,320
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱150,193	₱150,193	₱—	₱150,193	₱—
Loans and borrowings:					
Long-term debt - net of current portion	160,121,410	155,170,172	—	—	155,170,172
Tenants’ deposits - net of current portion**	19,180,231	18,868,900	—	—	18,868,900
Other noncurrent liabilities***	3,835,762	3,738,566	—	—	3,738,566
	₱183,287,596	₱177,927,831	₱—	₱150,193	₱177,777,638

* Consists of investment properties.

**Excluding residential customers’ deposits amounting to ₱71 million.

*** Excluding lease liabilities and nonfinancial liabilities amounting to ₱12,490 million.



Fair Value Hierarchy

The Company uses the fair value hierarchy discussed in Note 3 for determining and disclosing the fair value of financial instruments.

During the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Derivative Instruments. The fair values are based on quotes obtained from counterparties.

Equity Instruments at FVOCI. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at reporting date.

Long-term Debt. Fair value is based on the following:

Debt Type	Fair Value Assumptions
Fixed Rate Loans	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used is based on the prevailing market rate as at December 31, 2024 and 2023.
Variable Rate Loans	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

Tenants' Deposits and Other Noncurrent Liabilities. The estimated fair values are based on the discounted value of future cash flows using the applicable rates. The discount rates used range from 7.02% to 7.03% as at December 31, 2024 and 6.90% to 6.91% as at December 31, 2023.

The Company assessed that the carrying values of cash and cash equivalents, receivables, escrow and time deposits, accounts payable and other current liabilities approximate their fair values due to the short-term nature and terms of maturities of these financial instruments.

There were no financial instruments subject to an enforceable master netting arrangement that were not set-off in the balance sheets.

Nonfinancial Assets. The significant assumptions used in the most recent valuation as at December 31, 2024 and 2021 are discount rates of 9.00% to 10.00% and 8.00% and 9.00%, respectively and average growth rate of 5.00%. Fair values based on market approach were assessed using sales comparison of similar asset.



Derivative Instruments Accounted for as Cash Flow Hedges

As at December 31, 2024 and 2023, the Company has outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency denominated debts. Details as follow:

December 31, 2024						
	Notional Amount	Agreed Equivalent	Fair Value	US\$ Swap Rate	Interest Rate	Maturity
			(In Thousands)			
Foreign Exchange Forward Swaps	\$600,000	₱33,753,395	₱1,341,296	₱55.28 - ₱60.39	–	2025-2026
Interest Rate Swaps	\$400,000	–	1,168,975	–	2.29% - 2.47%	2026
			₱2,510,271			

December 31, 2023						
	Notional Amount	Agreed Equivalent	Fair Value	US\$ Swap Rate	Interest Rate	Maturity
			(In Thousands)			
Foreign Exchange Forward Swap	\$600,000	₱33,612,405	₱103,186	₱54.15 - ₱60.39	–	2024-2026
Interest Rate Swap	\$400,000	–	1,827,500	–	2.29% - 2.47%	2026
			₱1,930,686			

As the terms of the swaps have been negotiated to match the terms of the hedged loans, the hedges were assessed to be effective.



The net movements in fair value of all derivative instruments are as follows:

	2024	2023
	<i>(In Thousands)</i>	
Balance at beginning of year	₱1,930,686	₱3,359,575
Net changes in fair value during the year*	632,983	(1,697,823)
Fair value of settled derivatives	(53,398)	268,934
Balance at end of year	₱2,510,271	₱1,930,686

*Includes fair value changes in OCI.

22. EPS Computation

Basic/diluted EPS is computed as follows:

	2024	2023
	<i>(In Thousands, Except Per Share Data)</i>	
Net income	₱45,230,296	₱38,948,383
PAS 27 adjustments	401,468	1,062,118
Net income attributable to equity holders of SMPH (a)	₱45,631,764	₱40,010,501
Common shares issued at beginning of year	33,166,300	33,166,300
Less weighted average number treasury stock (see Note 13)*	4,309,888	4,309,888
Weighted average number of common shares outstanding (b)	28,856,412	28,856,412
Earnings per share (a/b)	₱1.581	₱1.387

*Includes shares held by a subsidiary totaling to 23 million.

23. Segment Information

For management purposes, the Company is organized into business units based on their products and services, and has four reportable operating segments as follows: mall, residential, commercial and integrated property developments and hotels and convention centers.

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 cinema theaters within the compound of the shopping centers.

Residential and commercial and integrated property developments segments are involved in the development and transformation of major residential, commercial, entertainment and tourism districts through sustained capital investments in buildings and infrastructure.

Hotels and convention centers segment engages in and carry on the business of hotel and convention centers and operates and maintains any and all services and facilities incident thereto.



Management, through the Executive Committee, monitors the operating results of its business units separately 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 financial statements.

The amount of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets and liabilities and profit or loss in the financial statements, which is in accordance with PFRS Accounting Standards.

The Company disaggregates its revenue information in the same manner as it reports its segment information.

There were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations.

The detailed disclosures on operating segment are included in the Company's consolidated financial statements.

24. Changes in Liabilities Arising from Financing Activities

Movements in long-term debt, loans payable and lease liabilities accounts are as follows (see Notes 11 and 12):

	2024			2023		
	Long-term debt	Lease liabilities	Loans payable	Long-term debt	Lease liabilities	Loans payable
	<i>(In Thousands)</i>					
Balance at beginning of year	₱182,315,421	₱10,294,096	₱–	₱188,472,013	₱10,417,614	₱–
Availments	25,000,000	–	26,000,000	38,300,000	–	9,000,000
Payments	(27,308,380)	(688,179)	(26,000,000)	(44,245,942)	(672,761)	(9,000,000)
Others	1,485,000	557,242	–	(210,650)	549,243	–
Balance at end of year	₱181,492,041	₱10,163,159	₱–	₱182,315,421	₱10,294,096	₱–

There are no non-cash changes in accrued interest and dividends payable. Others include foreign currency revaluation and accretion.

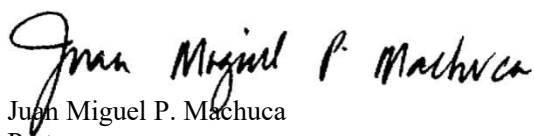


**INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION
REQUIRED UNDER REVENUE REGULATIONS 15-2010**

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, Pasay City
Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of SM Prime Holdings, Inc. (the "Company") as at and for the years ended December 31, 2024 and 2023 and have issued our report thereon dated February 17, 2025 which contained an unqualified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations (RR) 15-2010 for the year ended December 31, 2024 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. RR 15-2010 require the information to be presented in the notes to financial statements. Such information is the responsibility of the Company's management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-140-2024, February 28, 2024, valid until February 27, 2027

PTR No. 10465328, January 2, 2025, Makati City

February 17, 2025



SM Prime Holdings, Inc.
Supplementary Information Required Under Revenue Regulations 15-2010
For the year ended December 31, 2024

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) 15-2010 which require certain tax information to be disclosed in the notes to financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

Below is the additional information required by RR 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Value-Added-Tax (VAT)

The Company's sales and services are subject to output VAT while its purchases from other VAT registered individuals or corporations are subject to input VAT. The VAT rate is 12.0%.

a. Net Sales/Receipts and Output VAT declared in the Company's VAT returns for 2024:

	Net Sales/ Receipts	Output VAT
	<i>(In Thousands)</i>	
Taxable sales		
Lease of properties/sales of services	P88,292,642	P10,595,117
Sale to government	147,550	17,706
Total net sales/receipts and output VAT due	88,440,192	10,612,823
Zero-rated sales*	3,294,671	—
Exempt sales**	1,703,129	—
Total	P93,437,992	P10,612,823

*Zero-rated sales pertain to sale of services to PEZA-registered entities pursuant to Section 108 (B) of the Tax Code.

**VAT threshold for condominium – BIR RR No. 13-2018 implementing VAT provision of Republic Act No. 10963 or TRAIN Law by amending RR 16-2005.

b. Input VAT for 2024

	Amount <i>(in Thousands)</i>
Balance at January 1	P481,992
Current year's domestic purchases/payments for:	
Domestic purchase of services	5,362,840
Domestic purchase of goods other than capital goods	1,194,577
Capital goods exceeding P1 million	188,194
Importation	178,084
Total input tax	7,405,687
Application against output VAT	(7,244,951)
Deferred input VAT on capital goods exceeding P1 million	(90,142)
Input tax allocable to exempt sales	(70,594)
Balance at December 31	P—

Excise Taxes

The Company has no locally produced or imported excisable item and excise taxes paid or accrued for the year ended December 31, 2024.

Other Taxes and Licenses

Taxes and licenses, local and national, include real property taxes, business taxes, licenses and permit fees and others.

	Amount (in Thousands)
Real property taxes	₱2,758,541
Business taxes	949,031
License and permit fees	61,398
Others	40,686
Total	₱3,809,656

Withholding Taxes

Details of total remittance of withholding taxes as of December 31, 2024 are as follows:

	Amount (in Thousands)
Final withholding taxes	₱2,398,153
Expanded withholding taxes	1,278,893
Withholding taxes on compensation and benefits	182,917
Final withholding VAT-Foreign	49,200

Documentary Stamp Taxes (DST)

Details of DST paid/accrued as of December 31, 2024 are as follows:

Transactions	Amount	DST
	(in Thousands)	
Loans instrument	₱25,000,000	₱187,500
Lease contracts	48,534,687	97,069

Tax Assessments

The Company has no ongoing tax assessments with the BIR as at December 31, 2024 and has no outstanding cases with the courts or bodies outside the BIR that has reached final stage.

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

CERTIFICATION

I, **ELMER B. SERRANO**, of legal age, Filipino, and with office address at 1105 Tower 2 High Street South Corporate Plaza 26th Street Bonifacio Global City, Taguig City, after being duly sworn in accordance with law, hereby depose and state that:

1. I am the Corporate Secretary of **SM Prime Holdings, Inc.** (the **Corporation**), a corporation organized and existing under and by virtue of the laws of the Philippines, with office address at 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76, Zone 10, CBP-1-A, 1300 Pasay City, Metro Manila, Philippines.

2. Based on records and as of this date, no director, independent director, or officer of the Corporation named in the Information Statement (SEC Form 20-IS) has been elected or appointed to and is presently occupying a position in any government agency, bureau, department, or office, apart from Atty. Darlene Marie B. Berberabe, Independent Director, who is currently affiliated with the University of the Philippines College of Law as its Dean since 30 November 2023.

3. I am issuing this Certificate in compliance with the requirement of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature on this FEB 20 2025 in Taguig City.


ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this FEB 20 2025 in Taguig City, affiant exhibited to me his Tax Identification No. [REDACTED]

Doc No. 269;
Page No. 55;
Book No. I;
Series of 2025.


PAUL B. BINAG
Appointment No. 151 (2024-2025)
Notary Public for Taguig City
Until December 31, 2025
Attorney's Roll No. 90383
1105 Tower 2, High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR Receipt No. A-6395476; 01.03.25; Taguig City
IBP Receipt No. 495513; 01.03.25; Quezon City
Admitted to the Bar on December 2023

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DARLENE MARIE B. BERBERABE**, Filipino, of legal age and a resident of [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **SM Prime Holdings, Inc.**
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
University of the Philippines-College of Law	Dean	2023-present
UnionDigital Bank	Director (BOD)	2023-present
Joy-Nostalg Solaris Inc.	Chairperson	2022 – present
Philippine Judicial Academy	Faculty	2022 – present
The Outstanding Women in Nation Service	Trustee	2021 – present
UP Law Alumni Foundation	Trustee	2019 – present
Palm Concepcion Power Corporation	Director (BOD)	2018 – present
PA Alvarez	Director (BOD)	2018 – present
Katapult Digital	Co-Founder and Director (BOD)	2017 – present
Phil. Heart Association	Trustee	2017 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SM Prime Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not Applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SM Prime Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

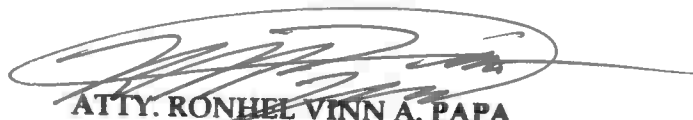
Done, this FEB 17 2025 day of PASAY CITY.



DARLENE MARIE B. BERBERABE
Affiant

SUBSCRIBED AND SWORN to before me this FEB 17 2025 day of PASAY CITY,
affiant personally appeared before me and exhibited to me her Passport No. [REDACTED] issued at [REDACTED]
[REDACTED] valid until [REDACTED]

Doc. No. 69;
Page No. 19;
Book No. I;
Series of 2025;


ATTY. RONHEL VINN A. PAPA
Notary Public for Pasay City
Until December 31, 2026. Commission No. 25-19
IBP OR No. 474452 11/04/2024/ Roll No. 73157
PTR OR No. PC 8849529 01/08/2025/ TIN# 743-448-049
MCLE Compliance No. VIII-0017246 valid until April 14, 2028

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **J. CARLITOS G. CRUZ**, Filipino, of legal age and a resident of [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **SM Prime Holdings, Inc.**
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Forbes Lending Solutions Corporation	Independent Director	Less than a year
Annapolis Finance, Inc.	Independent Director	Less than a year
Global Cebuana Finance Inc.	Independent Director	1 year
Cebuana Cycle Financing, Inc.	Independent Director	1 year
AFC SME Finance Inc.	Independent Director	1 year
Global SME Loans, Inc.	Independent Director	1 year
Wisefund Finance Corp.	Independent Director	1 year
Cycle Financing Corp.	Independent Director	1 year
Surecycle Financing Corp.	Independent Director	1 year
Cepat Kredit Financing, Inc.	Independent Director	1 year
MPIC Beneficial Trust Fund	Independent Trustee	2 years
Vivant Corporation (PLC)	Independent Director	3 years
Asialink Finance Corporation	Independent Director	3 years
Global Dominion Financing Incorporated	Independent Director	3 years
South Asialink Finance Corporation	Independent Director	3 years
MarCoPay Inc.	Independent Director	4 years
MCP Finance, Inc.	Independent Director	4 years
MCP Insurance Management and Agency, Inc.	Independent Director	4 years
Transnational Diversified Group, Inc.	Independent Director	4 years
Federal Land, Inc.	Independent Director	4 years
Makati Business Club	Member	7 years
Association of CPAs in Public Practice	Member	14 years
Management Association of the Philippines	Member	24 years
Philippine Institute of Certified Public Accountants	Member	42 years

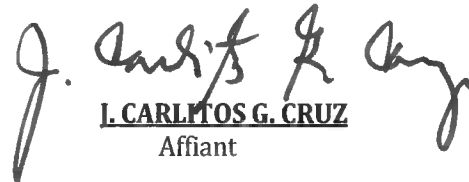
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the SM Prime Holdings, Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not Applicable		


5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SM Prime Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this FEB 17 2025 day of PASAY CITY.


I. CARLITOS G. CRUZ
Affiant

SUBSCRIBED AND SWORN to before me this FEB 17 2025 day of PASAY CITY
affiant personally appeared before me and exhibited to me his Passport No. [REDACTED] valid until [REDACTED]

Doc. No. 65;
Page No. 14;
Book No. I;
Series of W25;


ATTY. RONNEL VINN A. PAPA
Notary Public for Pasay City
Unti December 31, 2026. Commission No. 25-19
IBP OR No. 474452 11/04/2024/ Roll No. 73157
PTR OR No. PC 8849529 01/08/2025/ TIN# 743-448-049
MCLE Compliance No. VIII-0017246 valid until April 14, 2028

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **AMANDO M. TETANGCO, JR.** Filipino, of legal age and a resident of [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director (ID) of **SM Prime Holdings, Inc.**
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
SM Investments Corporation (PLC)	Chairman	June 2023 to present
Shell Pilipinas Corporation (PLC)	Independent Director	May 2021 to present
Converge ICT Solutions, Inc. (PLC)	Independent Director	June 2020 to present
Toyota Motor Philippines	Independent Director	March 2019 to present
Manila Hotel	Independent Director	August 2018 to present
Foundation for Liberty and Prosperity	Trustee	May 2019 to present
Tan Yan Kee Foundation	Trustee	December 2017 to present
St. Luke's Medical Center	Trustee	August 2017 to present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

5. To the best of my knowledge, I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
See Notes below		

¹ A criminal and administrative case (OMB-C-C-13-0092) filed by Maxy Abad et al. against Mr. Amando M. Tetangco, Jr. et al. with the Ombudsman was dismissed on 13 May 2015. The dismissal was elevated to the Court of Appeals (CA) (CA-G.R. SP No. 144038), which sustained the dismissal on 15 May 2017. The CA's resolution was assailed with the Supreme Court (SC) (G.R. No. 234696) upon the filing of a Petition for Review dated 29 November 2017. In its Resolution dated 03 October 2022,

the SC denied the Petition for Review and affirmed the 15 May 2017 Decision and 04 October 2017 Resolution of the CA. In its Resolution dated 09 August 2023, the SC denied with finality the petitioners' motion for reconsideration and directed the issuance of an Entry of Judgment. To date, an Entry of Judgment has not been received yet.

² A complaint for damages was filed by Mr. Antonio Tiu, et al. against Mr. Amando M. Tetangco, Jr., et. al before the Regional Trial Court of Quezon City (RTC-QC) in connection with the Report of the Anti-Money Laundering Council (AMLC), which served as the basis of AMLCs ex-parte petition for the issuance of Freeze Order issued by the Court of Appeals in CA G.R. AMLA No. 00134 dated 11 May 2015. Mr. Tetangco, Jr., et. al., were impleaded in their official capacity as members and/or officers of the AMLC.

In an order dated 27 March 2020, the RTC-QC dismissed the Complaint for Damages (Civil Case No. R-QZN-15-04513-CV) as to plaintiff Spouses James and Ann Lorraine Tiu against Mr. Tetangco Jr., Ms. Teresita Herbosa, Mr. Emmanuel Dooc, and Ms. Julia Abad; and ordered Mr. Antonio Tiu to amend his complaint. Plaintiffs filed a Motion for Reconsideration, to which the Office of the Solicitor General (in representation of defendants Tetangco, et al) filed its Comment. In an Order dated 9 February 2021, the trial court denied the Motion for Reconsideration filed by the Spouses Tiu and upheld its earlier 27 March 2020 Order dismissing the case. Aggrieved Tiu, et al filed a Petition for Certiorari with the Court of Appeals (CA-G.R. SP No. 169478), assailing the 27 March 2020 and 09 February 2021 Orders. The CA, in its Decision dated 13 November 2023, dismissed the Petition for Certiorari and upheld the 27 March 2020 and 09 February 2021 Orders. On 21 December 2023, a Motion for Reconsideration was filed assailing said CA Decision. In its Resolution dated 11 April 2024, the CA denied the Motion for Reconsideration as the contentions raised therein were a mere rehash of those matters already passed upon in the assailed Decision. In view of the CA Resolution, Spouses Tiu filed a Motion to Withdraw [the Complaint dated 18 May 2015] dated 03 July 2024 before the RTC-QC. In its Order dated 11 July 2024, the RTC-QC resolved to grant the said Motion, and dismissed the case.

³ A Subpoena dated 8 November 2022 was reportedly issued by the Office of the City Prosecutor – Manila (OCP-Manila) in connection with the Joint Complaint-Affidavit filed by Perry Y. Uy and Cesar M. Mayo, Jr. against Mr. Amando M. Tetangco, Jr. and several other respondents including former members of the Monetary Board, for alleged violation of the Central Bank Act, as amended (R.A. 7653 as amended by R.A. 11211). As of date, no official service of subpoena or complaint has been made on Mr. Tetangco. The other respondents who have officially received the subpoena and/or voluntarily submitted to the jurisdiction of the OCP- Manila filed their respective counter-affidavits and their joint rejoinder-affidavit. In a Resolution dated 10 February 2023, the OCP-Manila dismissed the complaint against all respondents, including Mr. Tetangco, for lack of probable cause. Consequently, complainants requested a reconsideration of the said resolution which was eventually denied by the OCP-Manila in a Resolution dated 03 May 2023. Accordingly, complainants filed a Petition for Review dated 02 June 2023 with the Department of Justice (DOJ). On 23 June 2023, the other respondents filed a Verified Comment [To Petition for Review dated 02 June 2023] of even date. To date, a resolution/order relative to the Petition for Review from the DOJ has not been received by the respondents yet.

6. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this FEB 17 2025 day of _____, at PASAY CITY.


AMANDO M. TETANGCO, JR.

Affiant

FEB 17 2025

PASAY CITY

SUBSCRIBED AND SWORN to before me this _____ day of _____ at _____, affiant personally appeared before me and exhibited to me his Philippine Passport No. _____ issued at _____ valid until _____.

Doc. No. 66 ;
Page No. 15 ;
Book No. I ;
Series of 2025.


ATTY. RONHEL VINN A. PAPA

Notary Public for Pasay City

Until December 31, 2026. Commission No. 25-19

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The SM Prime Story

SHAPING THE FILIPINO EXPERIENCE FOR 30 YEARS

2024

Lanson Place Mall of Asia

2010s

Five E-Com Center





ABOUT THE REPORT

This Integrated Report details SM Prime's performance for the year ending December 31, 2024. It provides an overview of our financial and operating results, business models and strategies, and outlook.

Additionally, it explores our impacts and how we create and preserve value over time through sustainable and integrated property developments. These efforts support the long-term growth and sustainability of our businesses and the communities we serve.

The business units covered in this report include Malls, Residences, Hotels and Convention Centers, and Offices and Warehouses. This 2024 Integrated Report is the result of a groupwide reporting process led by our Management Committee and governed by SM Prime's Board of Directors. It was produced in collaboration with our business units and supporting departments.

This report aligns with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, specifically IFRS S1 General Requirements of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, as championed by the Philippine Securities and Exchange Commission (SEC). It also references the Global Reporting Initiative

(GRI) Principles and aligns with the ASEAN Corporate Governance Scorecard (ACGS).

EXTERNAL VERIFICATION

SyCip Gorres Velayo & Co. (SGV), a member of Ernst & Young International Ltd., was appointed by SM Prime shareholders to examine the company's consolidated financial statements for the year ending December 31, 2024. The SGV Independent Auditor's Report and Audited Financial Statements are available at www.smprime.com/annual-financials.

SGV was also engaged to audit our environmental, social and governance (ESG) performance data for 2024. The SGV Independent Limited Assurance Statement can be accessed by scanning the QR code below.



**Through smart, sustainable and climate-resilient projects,
we are building integrated communities that emphasize
connectivity, accessibility and environmental stewardship—
elevating not just the industry but the nation as a whole.**

HENRY T. SY, JR. | Chairman



A
VISIONARY LEADER,
driven to elevate the Filipino shopping experience.

A
**RELENTLESS PURSUIT
OF GROWTH,**
expanding from malls to residences, hotels and mixed-use developments.

A
**COMMITMENT
TO EXCELLENCE,**
earning recognition for strategic management, sustainability and innovation.

We
**SHAPE THE
FILIPINO EXPERIENCE,**
reflecting the nation's aspirations and becoming an integral part of its progress.

THIS IS THE
SM PRIME STORY.



Born from a vision to elevate the Filipino shopping experience, SM Prime's journey began in 1994. In just three decades, it transformed from a mall operator to a publicly listed property conglomerate, forever changing the Philippine experience.

Early projects like SM Southmall, with its first-ever indoor theme park, signaled the company's position as an innovator. Aggressive expansion followed, bringing its iconic brand to every corner of the Philippines, from Luzon to Mindanao, and even across borders with its first mall in Xiamen, China.

But the vision went beyond malls. Diversification led to ventures in residences with projects like Chateau Elysee, The Horizon and Pico de Loro, catering to the growing demand for urban and leisure living. SM Prime also expanded into hospitality, offering world-class accommodations with hotels like Taal Vista, Radisson Blu, Conrad and Lanson Place.

The opening of the SM Mall of Asia (MOA) marked a turning point, symbolizing the company's grand ambitions. It paved the way for the MOA Complex, an integrated property development featuring the SMX Convention Center, MOA Arena and E-com Centers, all located within walking distance of SMDC's

residential condominiums. This bustling complex showcases SM Prime's diverse portfolio and its ability to create large-scale, mixed-use developments.

Throughout its journey, SM Prime has consistently earned recognition for its strategic management, corporate governance, sustainability efforts and innovative approach. It has navigated challenges, including the Asian Financial Crisis and COVID-19 pandemic, emerging stronger and more resilient.

Today, SM Prime stands tall, a testament to the power of vision and execution. With a commitment to net-zero emissions and a relentless focus on growth, the company continues to shape the Filipino experience, reflecting the nation's aspirations and dynamism.

From malls and residences to hotels and offices, SM Prime has become an integral part of the nation's progress.

MILESTONES AND MORE

1994

Founded in January as a mall operator, SM Prime quickly went public in July and rose to become a leader in the Philippine shopping and amusement industry.



1995

- SM Southmall opens, featuring the first indoor theme park, Storyland Adventure

SM Prime ranks 8th in market capitalization on the Philippine Stock Exchange

1996

SM Prime floats a US\$150 million Eurobond issue

1997

SM Prime awarded "Best Philippine Company" by AsiaMoney for strategy, management and financial reporting

1998

Recognized as a top Philippine stock by Time Magazine and as one of Asia's Strongest Companies by Finance Asia

Listed among Business Week's Top 200 Emerging Market Companies

1999

Named Best Managed Company in the Philippines by Euromoney; voted Best in Overall Strategy and Reliable Forecasting by Asiamoney

2000

SM City Pampanga opens, the first SM mall in Central Luzon

2001

- SM City Davao opens, the first in Mindanao

SM Prime expands overseas with SM City Xiamen in China

2002

SMPH wins "Best in Corporate Governance" at the Asset Awards

Launches Woodridge Place leisure residences in Tagaytay Highlands

2003

SM City Baguio opens, the first mall in Northern Luzon

- Taal Vista Hotel reopens after extensive upgrade and expansion

SMDC launches its first condominium project, Chateau Elysee



“

I get excited when I share or write stories for work because we are selling the holistic concept of SM Prime. In my 10 years here in the company I've witnessed a lot of changes and developments, and I'm looking forward to more exciting things to come.”

ALEX



2004

SMPH recognized in 12th Annual Best-Managed Companies Poll, Euromoney and the 2004 Asset Benchmark Survey

Establishes SM Cares, its corporate social responsibility arm

2005

First condominium project in Tagaytay Highlands, The Horizon, launched

Received the Top Grosser Award from the Metro Manila Film Festival with a total of 1,487,737 tickets sold in one day

2006

SMPH receives the “Most Convincing and Coherent Strategy in the Retail Sector in Asia” award from Euromoney Magazine

SM Mall of Asia opens to the public; introduces first IMAX Theater in the Philippines

SMDC launches its first high-rise condominium, Mezza Residences

2007

SMX Manila, the Philippines' largest convention center, launched

SMPH acquires three malls in China: SM City Xiamen, SM City Jinjiang, and SM City Chengdu

2008

SM Hotels and Conventions Corp. (SMHCC) established

Pico de Loro residential resort village in Batangas launched

2009

SM Prime opens its first Bicol region mall, SM City Naga

SMDC launches Wind Residences in Tagaytay

2010

First Radisson Blu in the Asia-Pacific region, Radisson Blu Cebu hotel, opens

SMPH raises Php 6.55 billion in its first equity placement since going public

2011

Pico Sands Hotel opens in Pico de Loro Cove

SMPH wins The Asset Platinum Corporate Award for management, performance and social responsibility



“

At SM Prime, you have a voice regardless of your position. **You are heard, your opinions matter, and you get to learn from your principals directly.** Very collaborative. I really like that.”

GIO

**2012**

- 📍 Mall of Asia Arena officially opens with a two-day concert of Lady Gaga

Two E-com Center office building in the Mall of Asia Complex launched

2013

All SM Group property assets consolidated under SM Prime, creating the largest integrated property developer in the Philippines

1.1 MW rooftop solar power project built in Xiamen, China

SM Group enters a joint venture with WalterMart for community malls

2014

SM Lifestyle Entertainment Incorporated (SMLEI) established

SMPH raises Php 18 billion from a placement of treasury shares

Forms a consortium with Ayala Land and Ortigas & Co.

50th mall, SM Center Angono, opens

Solar panels installed at SM North EDSA

2015

SMPH-Ayala consortium wins bid for a 26-hectare lot at South Road Properties in Cebu City

Five E-com Center office building in MOA Complex launched

SMPH acquires Cherry Foodarama grocery stores

- 📍 Hamilo Coast receives Bronze Benchmarked status from EarthCheck

2016

SM Supermalls wins Brand of the Year Award at the World Branding Awards

SMDC launches Cheer Residences in Bulacan

Conrad Manila opening raises SM Prime's hotel portfolio to 1,500 rooms

2017

- 📍 SMPH becomes the first Philippine publicly listed company to reach Php 1 trillion market value

SM City Puerto Princesa, the first premier mall in the largest province in the country, opens

2018

Three E-com Center, SM Prime's first LEED Gold office building, launched

Mall of Asia Arena hosts the 65th Miss Universe pageant





2024

SMPH celebrates its 30th founding and listing anniversary; achieves record-high earnings

\$3 billion Euro Medium Term Note (EMTN) program established by SMPH and SMIC

Lanson Place, 10th hotel property owned by SMHCC, opens in the MOA Complex

Largest IMAX with laser screen in the Philippines launched in SM Mall of Asia

2019

Four E-com Center and Three E-com Center receive Asia Pacific International Property Awards

Conrad Manila's Presidential Suite wins "Hotel Suite Asia Pacific 2019"

SMPH receives Four Golden Arrows award for corporate governance; earns "Best Companies to Work for in Asia" award

2020

All malls temporarily close due to the COVID-19 pandemic

Mall of Asia Arena is used as a Mega Swabbing Facility

SM City Butuan and SM City Mindpro open

SMPH secures SEC clearance for a Php 100 billion shelf registration

2021

The world's largest IKEA store opens at the Mall of Asia

Mega Tower, SM Prime's tallest building, launched

SMX Convention Center named Best Convention Center in the Philippines

SMPH supports the Task Force on Climate-related Financial Disclosures

2022

📍 SMX Convention Center Clark opens in Pampanga

SMPH named Most Outstanding Real Estate Company in the Philippines by Asiamoney

SMX Convention Center Manila wins the World MICE Awards for Best Convention Center

2023

SMPH posts all-time high net income

SMPH commits to net zero emissions by 2040; recognized at the Steward Leadership 25 gathering for sustainability stewardship

Five Golden Arrow Award for corporate governance conferred to SMPH

📍 SMHCC and Radisson Hotels Group sign franchise deal for 14 new hotels across the Philippines over the next five years





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OUR BUSINESS



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**“
WHILE I AM NOT
BIG WITH
WORDS,**



**I AM BIG IN MY
DREAMS
AND
VISIONS”**

ABOUT THE FOUNDER

HENRY SY, SR.

“TATANG”

Widely acknowledged as the Father of Modern Philippine Retail, Henry Sy, Sr. was an industrialist who became an architect of Filipino social life. His contributions extended far beyond commerce, shaping how Filipinos lived, connected and created memories.

His genius lay in understanding the Filipino psyche—our deep-rooted love for family and inherent need to belong. Tatang understood that a trip to the mall was as much about buying a pair of shoes as it was about sharing halo-halo with loved ones.

His vision evolved from a small shoe store into sprawling malls, transforming them into vibrant hubs where families bonded, teenagers forged lasting friendships, and the elderly gathered to share stories and laughter.

Beyond these social connections, SM malls nurtured a thriving ecosystem for micro, small and medium enterprises (MSMEs), allowing them to grow into beloved Filipino brands.

These malls offered a taste of aspiration, yet remained accessible to every Filipino.

Today, SM malls are microcosms of Filipino society, reflecting its diversity and pursuit of a better life. The air-conditioned halls, sky parks and activity centers offer an escape from the chaos of city life, a place where everyone—from construction worker to corporate executive—feels a sense of belonging.

Tatang understood that Filipinos craved more than just goods; they sought value, experiences, connection and shared prosperity. In SM malls, he provided a space, both physical and emotional, to fulfill those desires, shaping a cornerstone of modern Filipino life.

VISION

To build and manage innovative, sustainable integrated property developments that are catalysts for a better quality of life.

VALUES

We believe in the power of values to guide our actions and shape our success.

Our foundation rests on these key principles:

MISSION

We are driven by a deep commitment to our key stakeholders and our planet. This commitment shapes everything we do and is reflected in our mission to:

- **Serve** the ever-changing needs and aspirations of our customers
- **Provide opportunities** for the professional growth of our employees
- **Foster social responsibility** in the communities we serve
- **Enhance shareholder value** for our investors
- **Ensure** that everything we do safeguards a healthy environment for future generations

Integrity

Hard Work

Teamwork

Sustainability

Innovation



COMPANY OVERVIEW

SM Prime Holdings Inc. (SM Prime), the property arm of SM Investments Corporation, is the largest real estate conglomerate in terms of market capitalization and asset size in the Philippines.

A leading integrated property developer in Southeast Asia, the company is at the forefront of developing sustainable, transformative communities that elevate urban living while fueling economic growth across its areas of operation.

SM Prime operates 87 malls across the Philippines and 8 in China, alongside a diverse portfolio of residential, commercial, hotels, convention centers and integrated property developments.

The company is publicly traded on the Philippine Stock Exchange (PSE) under the ticker SMPH, and has been a

constituent of the PSE index since 1994. Its bonds are listed on the Philippine Dealing & Exchange Corporation (PDEX).

SM Prime is committed to delivering sustainable value to its shareholders through a consistent dividend stream. The Board of Directors carefully assesses the operating results, cash flows, investment needs and financial obligations to determine the appropriate dividend payout. Dividends are distributed within thirty (30) days of their declaration.

From time to time, the company also initiates a share buyback program when deemed appropriate based on market conditions and the company's financial position.

Php 726.3B

MARKET CAPITALIZATION

Php 1,019B

TOTAL ASSET SIZE

28.88B

OUTSTANDING SHARES

Php 25.15

CLOSING SHARE PRICE

37.18%

FREE FLOAT LEVEL

** All figures as of end of December 31, 2024*

OUR INVESTMENT CASE

SM Prime offers a compelling investment opportunity built on a foundation of strength, strategic growth and sustainable value creation.

STRENGTHS

Market leadership

Robust market capitalization, dominant industry position, long-standing retail experience and access to prime large-scale land bank

End-to-end expertise

Capabilities span the entire real estate value chain, from land banking and master planning to design, engineering, retailing and operations

Diverse portfolio

Malls, residences, offices, hotels, convention centers and mixed-use properties cater to a broad and dynamic market

Expansion strategy

Growing footprint across the Philippines while diversifying into multiple property sub-sectors

Sustainability focus

Committed to environmental stewardship, social inclusion and economic advancement

INVESTMENT HIGHLIGHTS

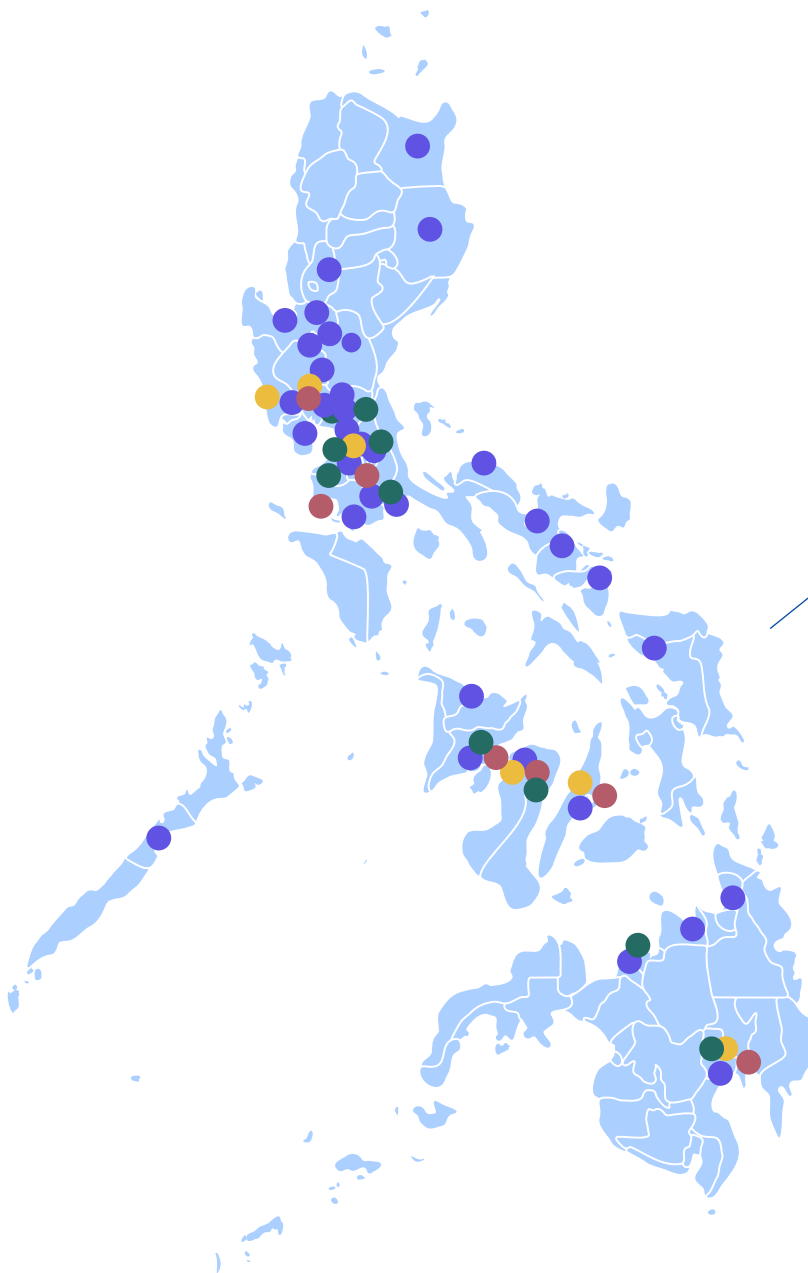
Strong financial performance driven by resilient consumer spending, targeted market expansion and innovative property developments

Strategic and solid positioning to seize growth opportunities in emerging urban hubs

Synergistic business model to optimize efficiency, creating value and driving sustainable growth

Firm commitment to good corporate governance to safeguard investor interests

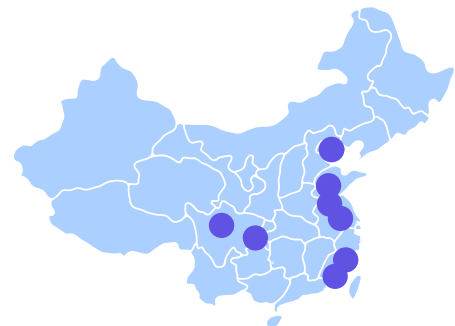
Sustainable practices create long-term value for stakeholders



PHILIPPINES

GEOGRAPHIC FOOTPRINT

Our diverse portfolio encompasses iconic shopping malls, modern residences, prime office spaces, premium hotels and world-class convention centers, creating thriving communities across the Philippines and in select cities in China.



CHINA

● RESIDENCES

SMDC
Costa De Hamilo, Inc.
Highlands Prime, Inc.

● COMMERCIAL

SM Offices and
Warehouses

● MALLS

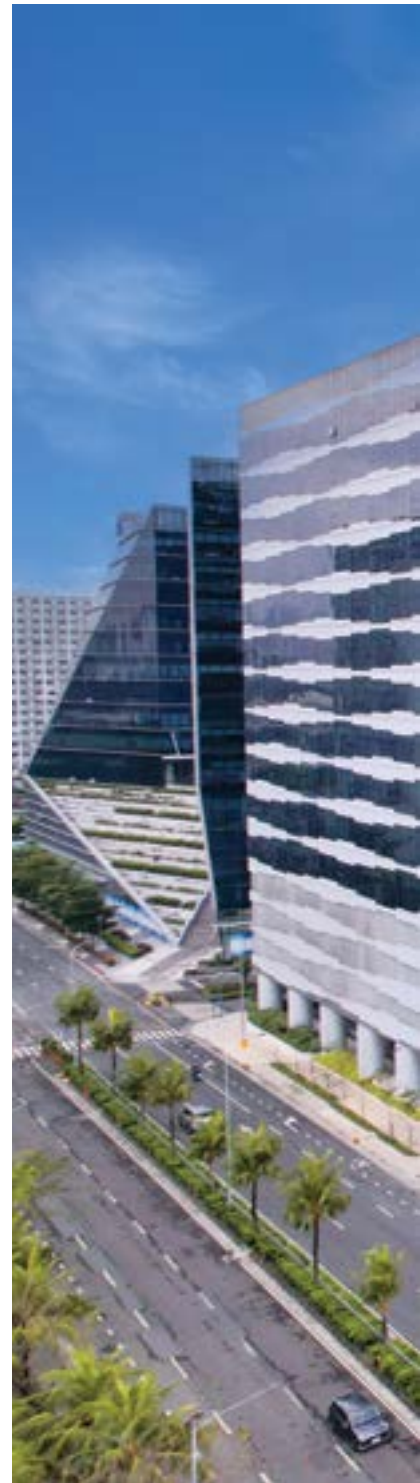
SM Supermalls
SM Lifestyle, Inc.
Family Entertainment
Center, Inc.

● INTEGRATED PROPERTY DEVELOPMENTS

Mall of Asia Complex
Seaside City Cebu Complex

● HOTELS AND CONVENTION CENTERS

Conrad Manila
Lanson Place Mall of Asia
Park Inn
Pico Sands
Radisson Blu
Taal Vista
SMX Convention Centers



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HENRY T. SY, JR. | Chairman



MESSAGE FROM THE CHAIRMAN

Our evolution from mall development to integrated property development has paved the way for our next growth phase: becoming a “developer of developers.”

As we mark three decades of shaping the Filipino experience, we celebrate a year of record-breaking success achieved against a complex landscape of geopolitical risks, shifting property market trends and cautious investor sentiment.

SM Prime delivered all-time high revenues, net income and earnings per share, underscoring the effectiveness of our value creation strategy.

Building on this strong foundation, I am pleased to share our vision for the future and how we will continue to shape the Filipino experience in the years to come.

OUR VISION

Our evolution from mall development to integrated property development has paved the way for our next growth phase: becoming a “developer of developers.”

By creating dynamic, sustainable spaces that integrate malls, hotels, offices, schools, hospitals, parks, convention centers and tourist destinations, we are shaping modern urban living—one that promotes connectivity, convenience and inclusive growth.

This progression aligns with the government’s goal of achieving upper-middle-income status for the Philippines. Empowering other developers to raise

industry standards and expand their footprint will enable us to contribute to a more competitive and resilient property sector.

Beyond real estate, our investments and partnerships will stimulate private spending, empower entrepreneurs and develop infrastructure that broadens access, unlocks opportunities and enhances quality of life.

OUR GROWTH STRATEGY

In 2023, we surpassed our pre-pandemic revenue and profit levels, and in 2024, we achieved historic results, marking a clear transition from recovery to sustained growth.

These milestones reaffirm our position as the Philippines’ leading integrated property developer. Entering a new decade, we will build on our momentum and reinforce our leadership position through a three-pronged strategy.

First, we will continue to drive organic growth by enhancing our existing portfolio. This includes expansions, renovations and a renewed focus on experiential offerings.

We recognize that malls are no longer just places to shop; they are community hubs where people gather to explore, connect and unwind. As lifestyles evolve, so

+10%

Php 140.4B

REVENUES

+14%

Php 45.6B

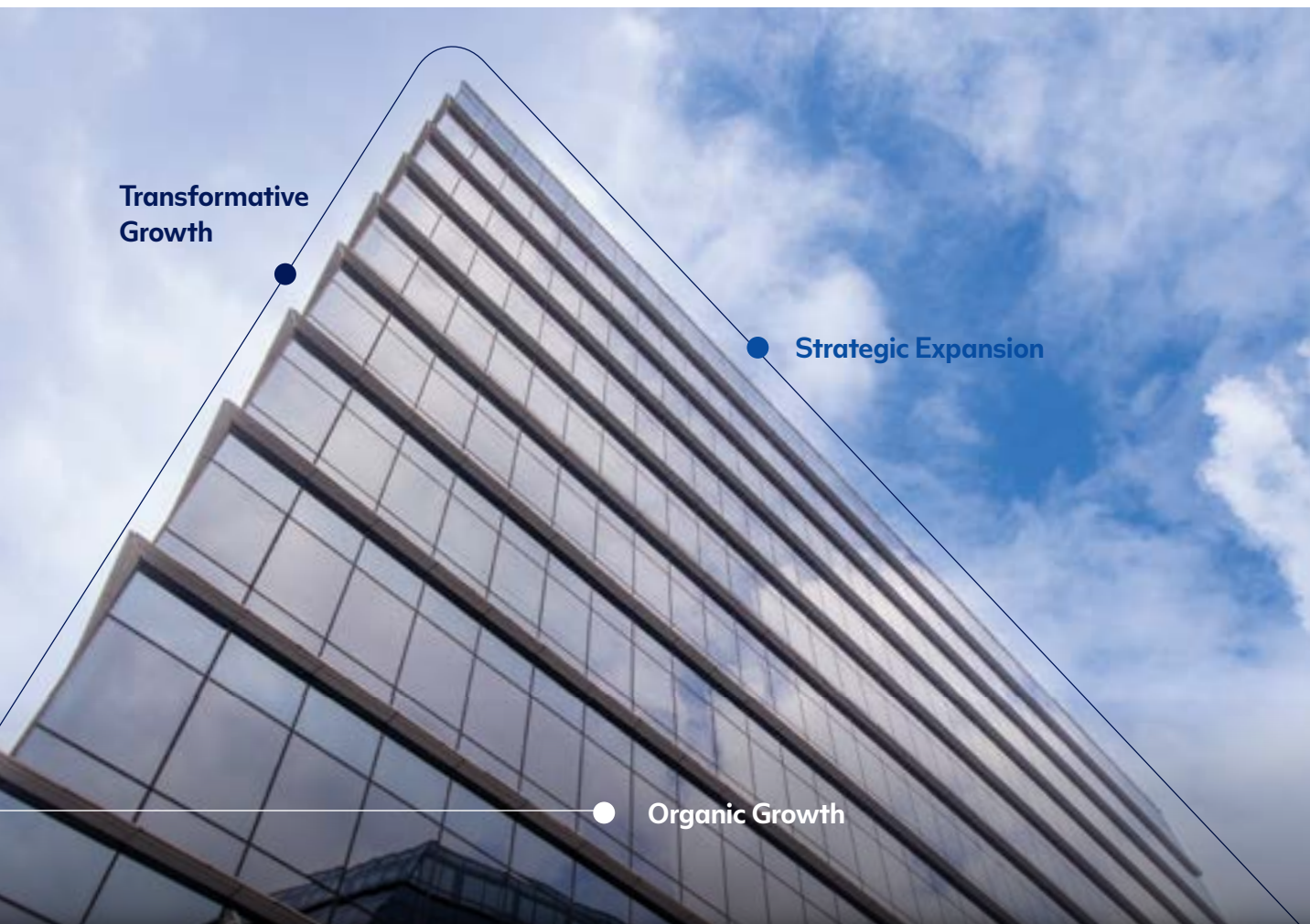
NET INCOME

+14%

Php 1.58

EARNINGS PER SHARE

OUR THREE-PRONGED STRATEGY



do we—continuously shaping SM malls to meet the changing needs of Filipinos at every stage of life.

To complement our retail offerings and create complete destinations, we are expanding our office, hotel and convention center businesses. As economic and tourism numbers continue to improve, we are strategically positioned to meet the growing demand for high-quality workspaces, accommodations and event venues.

Second, we are extending our reach into provincial and high-growth markets, ensuring that progress benefits more communities. We believe growth should be inclusive, and we remain committed to bringing our expertise and high-quality developments to underserved areas.

To achieve this, we will prioritize residential launches outside Metro Manila and develop integrated property developments (IPDs) in key locations across the Philippines.

Each IPD will be masterfully designed to become a hub for commerce, leisure, tourism and community engagement, stimulating regional economies, creating jobs and unlocking new opportunities.

We recognize that malls are no longer just places to shop; they are community hubs where people gather to explore, connect and unwind. As lifestyles evolve, so do we—continuously shaping SM malls to meet the changing needs of Filipinos at every stage of life.

Third, we are diversifying our business portfolio through several transformative projects. Our foray into urban center development, smart city initiatives and premium primary residence offerings represents a significant step forward in our evolution.

These projects will require time to fully materialize, but we are confident in the lasting value they will generate for our company, our stakeholders and the nation.

OUR COMMITMENTS

Achieving our ambitious goals requires more than business planning—it demands a strong foundation of corporate governance and a steadfast commitment to our stakeholders.

We uphold the highest standards of ethical conduct, transparency and accountability, recognizing that good governance is essential for sound decision-making and stakeholder trust.

In 2024, SM Prime, along with fellow SM Group companies SM Investments Corporation, BDO Unibank and China Banking Corporation, was honored to receive the prestigious Five Golden Arrow Award from the Institute of Corporate Directors. This recognition is the highest distinction for corporate governance in the Philippines.

Moving forward, we will continue to strengthen our governance frameworks, enhance transparency and uphold ethical business practices to sustain trust and accountability.

OUTLOOK

We expect 2025 to bring both challenges and opportunities. Global uncertainties such as geopolitical conflicts, trade disputes and climate risks may create headwinds.

However, critical economic factors including the mid-term elections, moderating inflation, wage adjustments and expected interest rate cuts are seen to boost consumer spending, business activity and investor confidence.

While some residential sub-markets face absorption challenges, the underlying demand for housing remains strong. With our extensive land bank and development expertise, we are well-placed to help address the country's significant housing backlog.

The emergence of health, tourism and education as high-growth sectors aligns with our vision of building integrated, future-ready urban centers across the Philippines. We will leverage our strengths to create spaces that bolster these sectors.

Apart from malls and residences, we have a robust and diversified project pipeline that will extend our reach, strengthen our social impact and position SM Prime for accelerated growth.

IN CLOSING

I extend my sincere gratitude to our Board of Directors for their invaluable guidance and support.

To our dedicated employees, your talent and hard work remain the driving force behind our success.

To our shareholders, business partners and the communities we serve, thank you for your trust and confidence.

We closed 2024 with record-breaking achievements, further strengthening our leadership and setting a decisive course for the future.

With three decades of growth and experience shaping the SM Prime story, we can look ahead to a new chapter—one defined by innovation, sustainability and a steadfast commitment to nation-building.



HENRY T. SY, JR. | Chairman



JEFFREY C. LIM | President

MESSAGE FROM THE PRESIDENT

Our corporate history, shaped by economic cycles and market shifts, has strengthened our agility, resilience and forward focus.

In 2024, SM Prime celebrated its 30th anniversary, a milestone that underscores our dedication to shaping the Filipino experience by investing in properties that positively impact communities.

As a founding member of the company, I have had the privilege of contributing to its remarkable transformation—from a pioneering mall developer to one of the leading integrated property developers in Southeast Asia.

Our corporate history, shaped by economic cycles and market shifts, has strengthened our agility, resilience and forward focus. This was evident in our historic 2024 performance, achieved despite challenges in the Philippine property sector.

RECORD REVENUES AND EARNINGS

SM Prime delivered a record Php 140.4 billion in consolidated revenues in 2024, marking a 10% increase from Php 128.1 billion the previous year. Higher rental income, strong real estate sales and increased revenues from services and experiential offerings drove the upswing.

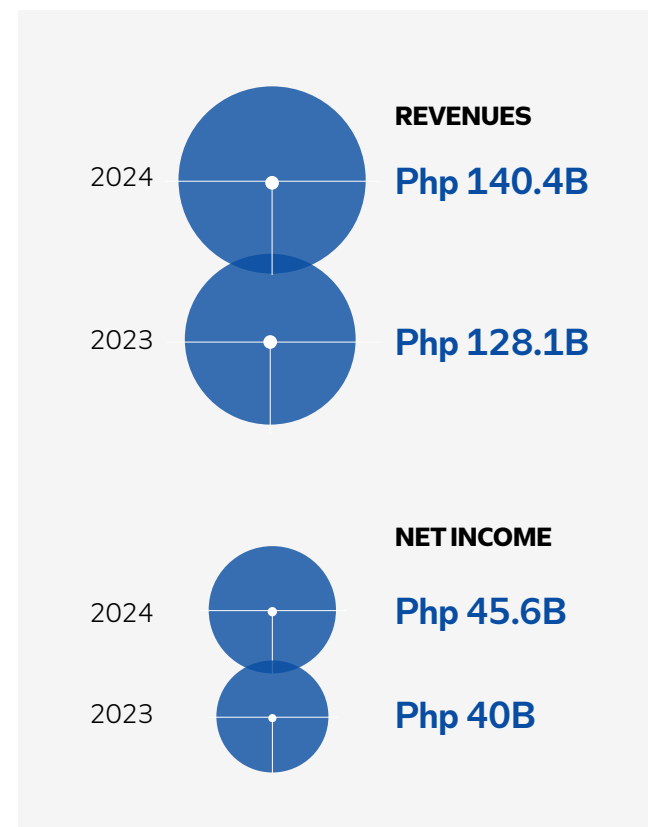
Malls remained the largest topline contributor, accounting for 55%, followed by residential developments at 34%, hotels and convention centers at 6% and offices and warehouses at 5%.

Total costs and expenses rose at a slower pace than revenues, increasing 8% from Php 66.8 billion to Php 72.4 billion as reductions in insurance, marketing and selling expenses helped offset increases in other cost components.

EBITDA grew 11% from Php 74.1 billion to Php 82.2 billion on the combined effect of strong revenue growth, controlled cost escalation and flat interest expenses.

Consolidated net income reached an all-time high of Php 45.6 billion, reflecting a 14% year-on-year increase from Php 40 billion. This uptrend was due to higher contributions across all business segments.

Malls accounted for 59% of the bottom line, followed by residential developments at 29%, offices and warehouses at 9% and hotels and convention centers at 3%.



FINANCIAL POSITION AND CAPITAL ALLOCATION

Total Assets surpassed the Php 1 trillion mark, increasing 6% from Php 943.2 billion. This growth was driven by a 20% rise in receivables and contract assets, which increased from Php 77 billion to Php 92.4 billion on the back of strong residential project sales.

Reinforcing our commitment to long-term expansion, Retained Earnings appropriated for planned construction projects and land banking activities reached Php 100 billion—more than double (137%) the previous year's Php 42.2 billion.

Total Equity attributable to equity holders of the parent expanded 9%, increasing from Php 396.2 billion to Php 433.1 billion.

Cash and Cash Equivalents declined 2%, from Php 31.8 billion to Php 31.2 billion, primarily due to higher capital outflows. Bank loan and long-term debt repayments surged 52% from Php 96.3 billion to Php 145.9 billion, while dividend payments accelerated 44% from Php 7.2 billion to Php 10.4 billion.

Total Debt climbed 6% from Php 366.7 billion to Php 389.9 billion as a result of net availments for an IPD project in Pasay City and foreign exchange translation adjustments.

Capital expenditures remained steady at Php 88.7 billion, compared to Php 88.2 billion in the previous year. The majority of investments were allocated to mall development and residential projects.

THE YEAR AHEAD

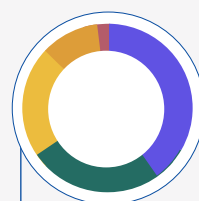
In 2025, we have earmarked Php 100 billion to support our portfolio expansion and customer experience enhancements.

Our CAPEX will be funded through a combination of internally generated cash flows and debt financing, including drawdowns from our Php 100-billion shelf registration of fixed-rate bonds, which was approved by the Securities and Exchange Commission (SEC) in June 2024.

Malls. We will open three new malls—SM City La Union, SM City Laoag and SM City Zamboanga. With these additions, SM Prime will have 90 malls across the Philippines, totaling over 8 million square meters of gross leasable mall floor area.

To optimize space and keep our customers engaged, we are also redeveloping and expanding a number of

2024 CAPEX



Php 35.3B

MALLS

Php 23.1B

RESIDENCES

Php 28.4B

COMMERCIAL AND INTEGRATED
PROPERTY DEVELOPMENTS

Php 1.9B

HOTELS AND CONVENTION CENTERS

flagship malls. See opposite page for details.

Residences. To build a balanced portfolio, we will begin offering premium primary residences to complement our economic, medium-cost and leisure offerings. All of our residential projects will also be consolidated under the SM Residences brand.

Given Metro Manila market headwinds, our 2025 mid-segment residential launches will concentrate on key regional areas. Subject to evolving market conditions, we plan to launch 7,000 to 10,000 units, priced at Php 2 million to Php 4 million, in horizontal and mid-rise formats.

Together with Belle Corporation, we are finalizing our master plan for Tagaytay Highlands to enhance the estate and turn it into a self-sustained community. The Hamilo Coast master plan will likewise be refined and expanded to drive project launches and optimize sales velocity.

Hotels and Convention Centers. To bolster our presence in the hotel and MICE sectors, we are investing Php 15 billion in a five-year expansion program. This program involves the development of eight new hotels and two convention centers in key destinations.

Complementing this expansion, we are also upgrading

OUR GROUNDBREAKING REDEVELOPMENTS

SM Mall of Asia

MOA Sky will offer a bird's eye view of the Manila Bay area, a dog park, amphitheatre, football pitch and larger-than-life structures.

SM City Bacolod

Being transformed into a new lifestyle destination with dining and shopping options, along with the first National University campus in the Visayas region.

SM Megamall

The redevelopment will introduce a nature-inspired oasis, brighter and more spacious hallways and an air-conditioned lush garden on Level 5.

SM City Iloilo

Enhancements include a new carpark building, National University Iloilo campus and completion of SM Strata Tower with a stunning garden—solidifying its position as Panay's ultimate destination.

SM City Cebu

The expansion includes more retail shops, parking slots, al fresco dining, outdoor gardens, a modern chapel, National University Cebu campus and office buildings.



OUR KEY PRIORITIES



**Water
Stewardship**



**Net Zero
by 2040**



**Waste-Free
Future**

The Hamilo Coast is home to a 10-hectare mangrove forest, considered the largest in Nasugbu, Batangas.

existing properties. At Taal Vista, Pico Sands Hotel and Park Inn by Radisson Davao, we are adding function rooms, introducing new food and beverage outlets and undertaking guestroom renovations.

Commercial and Integrated Property Developments.

We are developing Six E-Com Center, a two-tower premium office complex in the Mall of Asia Complex.

For our Pasay City IPD project, horizontal sand pouring is 60% complete as of the end of 2024, with full completion targeted by the end of 2025. Horizontal development is scheduled to begin in 2027.

The master plan is expected to be finalized in the first half of 2025, while we continue processing the necessary documents for land titling. The full project handover to the national government and the Pasay City Local Government Unit (LGU) remains on track for 2028.

SUSTAINABILITY

We continue to design, build and invest in projects that prioritize climate resilience, waste reduction and resource efficiency to help create thriving, sustainable cities.

Net Zero by 2040. In 2024, we partnered with TotalEnergies to install a 2 Megawatt-peak (MWp) Solar Photovoltaic (PV) System on the rooftop of our corporate headquarters.

The project includes over 3,670 PV panels and is expected to generate significant cost savings for the company. Additionally, the installation is projected to reduce the building's carbon footprint by approximately 1,430 tons of carbon dioxide (CO₂) emissions annually.

Waste-Free Future. We formed a waste-to-fuel partnership with GUUN Co. Ltd. to implement Japan's advanced landfill reduction technology, which converts non-recyclable packaging into fluff fuel—a sustainable alternative to fossil fuels.

This joint venture, in which SM Prime holds a 70% stake, reduces landfill waste across both SM Prime and non-SM Prime properties, complementing the Cebu LGU-led material recovery efforts and reinforcing our commitment to sustainable waste management.

Water Stewardship. Our malls, which serve millions of visitors daily, are designed with sustainable water management systems to reduce consumption and promote conservation.

We implement rainwater harvesting, wastewater treatment and water recycling technologies across our developments to optimize efficiency and minimize environmental impact. These initiatives not only ensure

responsible water use but also contribute to the long-term sustainability of the communities we serve.

CONCLUSION

As we move forward, SM Prime remains committed to sustainable growth, operational excellence and contributing to the nation's progress.

With the strong foundation we have built and the strategic steps we are taking, I am confident that the coming years will bring new opportunities for growth and greater value for our stakeholders.

I extend my sincere gratitude to our Board of Directors for their guidance, to our management team and employees for their dedication, and to our shareholders, customers and business partners for their unwavering trust and support.

Your commitment has been instrumental in making 2024 a remarkable year, and I look forward to achieving even more milestones together.



JEFFREY C. LIM | President

2024 CONSOLIDATED OVERVIEW

As a leader in integrated property development, SM Prime combines financial strength, operational growth and commitment to sustainability to create lasting value for our stakeholders.



FINANCIAL

Php 45.6BNET INCOME ATTRIBUTABLE
TO THE PARENT**Php 140.4B**

REVENUES

Php 88.7B

CAPEX

45:55

NET DEBT-TO-EQUITY RATIO

Php 25.15

SHARE PRICE

OPERATIONAL

2

NEW MALLS

Php 55.4BPRIMARY RESIDENTIAL
UNITS SOLD**85%**

OFFICE OCCUPANCY RATE

67%

HOTEL OCCUPANCY RATE

1,447

EVENT BOOKINGS

SUSTAINABILITY

> 50%ENERGY SOURCED
FROM RENEWABLES**4.05M**TOTAL GHG EMISSIONS
in MTCO₂e**5.59M**WATER RECYCLED in m³**126**

EV CHARGING STATIONS

7

LEED BUILDINGS



5-YEAR PERFORMANCE SUMMARY

Years ended December 31

FINANCIAL PERFORMANCE

(in billions of Philippine pesos, except as otherwise noted)

	2024	2023	2022	2021	2020
Revenue	140.39	128.10	105.79	82.32	81.90
EBITDA	82.17	74.08	61.09	43.11	39.28
Net Income (attributable to Parent)	45.63	40.01	30.10	21.79	18.01
Cash and Cash Equivalents	31.25	31.82	42.06	39.78	30.66
Total Assets	1,019.43	943.33	874.21	804.40	722.36
Total Debt	389.92	366.66	352.40	313.72	272.47
Total Equity (attributable to parent)	433.09	396.20	363.20	332.92	309.28
Net cash provided by operating activities	67.29	62.66	35.69	30.67	17.19
Net cash used in investing activities	-64.55	-66.71	-52.24	-44.11	-43.94
Net cash provided by (used in) financing activities	-3.30	-6.23	18.93	22.62	22.82
Capital Expenditures	88.70	88.18	75.42	64.92	59.59
Current Ratio	2.19	2.17	2.50	2.12	1.91
Net Debt-to-Equity	45:55	46:54	46:54	45:55	44:56
Asset to Equity	2.35	2.38	2.41	2.42	2.34
Return on Equity	11.0%	10.5%	8.6%	6.8%	5.9%

SHARE PERFORMANCE

as of December 31

	2024	2023	2022	2021	2020
Market Capitalization	726.31	950.13	1,025.21	979.01	1,111.85
Stock Price (in Php)	25.15	32.90	35.50	33.90	38.50
Earnings per Share (in Php)	1.58	1.39	1.04	0.76	0.62
Price to Earnings Ratio	15.90	23.73	34.03	44.9	61.70
Price to Book Ratio	1.68	2.40	2.82	2.94	3.59

NON-FINANCIAL PERFORMANCE

	2024	2023	2022	2021	2020
Energy Sourced from Renewables (in %)*	> 50	> 50	> 50	NA	NA
Total GHG Emissions (in MTCO ₂ e)	4,050,675.54	1,643,787.43	1,454,912.23	1,509,855.91	998,529.00
Water Recycled (in m ³)	5,585,826.46	4,424,985.00	3,578,032.48	4,420,729.51	3,790,000.00
Employee Headcount	13,747	12,927	11,329	9,854	10,978
Employee Turnover Rate (in %)	16.09	18.87	18.97	18.23	13.49
Gender Split	44% Male 56% Female	45% Male 55% Female	40% Male 60% Female	44% Male 56% Female	40% Male 60% Female
Pay Gap**	1:1	1:1	1:1	NA	NA
Women in Senior Management (in %)	53	44	61	47	50
Community Investment (in Php Millions)	259	198	115	122	205

* Renewable energy for RCOA qualified facilities started in Y2022.

** Data tracking began in 2022; earlier comparisons unavailable.

AWARDS AND RECOGNITION

In 2024, SM Prime and its business units earned local and global recognition for corporate governance, leadership, innovation and sustainability, cementing our reputation as a trusted integrated property developer.

SM PRIME



► WORLD'S BEST COMPANIES 2024 Time Magazine

FIVE GOLDEN ARROW AWARD
Institute of Corporate Directors

THE PHILIPPINES' BEST EMPLOYERS 2024
Philippine Daily Inquirer and Statista

TOP TEN DEVELOPERS AWARD
BCI Asia Awards

BEST CORPORATE FINANCE TEAM - CORPORATES (SOUTHEAST ASIA)
FinanceAsia Achievement Awards 2024

BEST INVESTOR RELATIONS COMPANY (PHILIPPINES)
14th Asian Excellence Award

SUSTAINABLE ASIA AWARD
14th Asian Excellence Award

ASIA'S BEST CEO (INVESTOR RELATIONS)
JEFFREY C. LIM
14th Asian Excellence Award

ASIA'S BEST CFO (INVESTOR RELATIONS)
JOHN NAI PENG ONG
14th Asian Excellence Award

BEST INVESTOR RELATIONS PROFESSIONAL
ALEXANDER POMENTO
14th Asian Excellence Award

EMINENT LEADERS IN ASIA
JEFFREY C. LIM
Asia Corporate Excellence and Sustainability Awards

TAMBULI LIFETIME ACHIEVEMENT AWARDEE
HANS T. SY
2024 Asia Pacific Tambuli Awards

► MALLS

THE PHILIPPINES' BEST EMPLOYERS 2024
Philippine Daily Inquirer and Statista

**GOLD AWARD:
EXCELLENCE IN CUSTOMER MANAGEMENT**
Marketing Excellence Awards

PHILIPPINES BRAND EXPERIENCE OF THE YEAR
Asian Experience Awards 2024

GOLD AWARD: BRAND EFFECTIVENESS THROUGH CORPORATE SUSTAINABILITY AND BRAND TRUST
PANATA Brand Effectiveness Award 2024



RESIDENCES (PRIMARY AND LEISURE)

► **BEST MID-END CONDO DEVELOPMENT
(METRO MANILA)
CHARM RESIDENCES**
The PropertyGuru Philippines Property Awards

BEST AFFORDABLE CONDO ARCHITECTURAL DESIGN
HILL RESIDENCES
The PropertyGuru Philippines Property Awards

BEST HOUSING DEVELOPMENT (LUZON)
CHEERFUL HOMES 2
The PropertyGuru Philippines Property Awards

**BEST AFFORDABLE ECONOMIC HOUSING
DEVELOPMENT (LUZON)**
SUNNYVALE 2
The PropertyGuru Philippines Property Awards

ICON OF THE YEAR AWARD
HENRY SY, JR.
19th PropertyGuru Asia Property Awards Grand Final

ASIA'S POWER WOMAN
JESSICA BIANCA T. SY
19th PropertyGuru Asia Property Awards Grand Final

OFFICES

► **BEST OFFICE DEVELOPMENT
MEGA TOWER**
Dot Property Southeast Asia Awards 2024

BEST LEED DEVELOPMENT
THREE E-COM CENTER
Dot Property Southeast Asia Awards 2024

BEST OFFICE DEVELOPMENT
FOUR E-COM CENTER
PropertyGuru Philippines Property Awards 2024

BEST BPO OFFICE DEVELOPMENT HIGH COMMENDATION
SM CITY CLARK TECH HUB
PropertyGuru Philippines Property Awards 2024

BEST OFFICE DEVELOPMENT
MEGA TOWER
Dot Property Philippines Awards 2024

BEST LEED DEVELOPMENT
THREE E-COM CENTER
Dot Property Philippines Awards 2024

BEST OFFICE DEVELOPMENT FINALIST
FOUR E-COM CENTER
PropertyGuru Asia Property Awards 2024

HOTELS AND CONVENTION CENTERS



► CUSTOMER REVIEW AWARD

Agoda

CONRAD MANILA
LANSON PLACE MALL OF ASIA
PARK INN BY RADISSON CLARK
PARK INN BY RADISSON ILOILO
PARK INN BY RADISSON NORTH EDSA
PARK INN BY RADISSON BACOLOD
RADISSON BLU HOTEL CEBU

GOLD CIRCLE AWARD

PARK INN BY RADISSON DAVAO
PARK INN BY RADISSON CLARK
PARK INN BY RADISSON ILOILO
PARK INN BY RADISSON BACOLOD
RADISSON BLU HOTEL CEBU

Agoda

MICE VENUE AWARD - EXHIBITION VENUE CATEGORY

SMX CONVENTION CENTER MANILA

ASEAN Tourism Standard Awards

TRAVELLER REVIEW AWARD

LANSON PLACE MALL OF ASIA
PARK INN BY RADISSON ILOILO

PARK INN BY RADISSON BACOLOD
PARK INN BY RADISSON NORTH EDSA
RADISSON BLU HOTEL CEBU
TAAL VISTA HOTEL

Booking.com

“RECOMMENDED” HOTEL

CONRAD MANILA

Forbes Travel Guide 2024 Awards

CERTIFIED SAFE HOTELS PREMIUM LEVEL

PARK INN BY RADISSON NORTH EDSA

Safe Hotels

BEST LOCAL CONVENTION CENTRE 2024 PHILIPPINES

SMX CONVENTION CENTER MANILA

South East Asia Business Awards

TOP 1 - PHILIPPINES' BEST CITY HOTEL

CONRAD MANILA

TRAVEL + LEISURE LUXURY AWARDS

TOP 9 BEST CITY HOTEL

RADISSON BLU HOTEL CEBU

Travel + Leisure Asia

“

Conrad feels like a reward I give myself after a long week of client meetings and juggling life as a single mom. The comfort and elegance of the space give me that much-needed breather.”

ZSA-ZSA



MEETINGS AND CONFERENCING PROPERTY OF THE YEAR – PHILIPPINES

SMX CONVENTION CENTER MANILA

Travel Daily Media Awards

PREMIUM HOTEL

TAAL VISTA HOTEL

PICO SANDS HOTEL

CONRAD MANILA

Trip.com

TRAVELERS' CHOICE AWARDS

CONRAD MANILA

PARK INN BY RADISSON BACOLOD

PARK INN BY RADISSON CLARK

PARK INN BY RADISSON ILOILO

PARK INN BY RADISSON NORTH EDSA

RADISSON BLU HOTEL CEBU

Tripadvisor

BEST BUSINESS HOTEL IN THE PHILIPPINES

CONRAD MANILA

TTG Travel Awards

BEST CONVENTION AND EXHIBITION CENTRE (PHILIPPINES)

SMX CONVENTION CENTER MANILA

TTG Travel Awards

**BEST LUXURY SUSTAINABLE HOTEL IN SOUTHERN ASIA
BEST LUXURY CONFERENCE & EVENT HOTEL
IN PHILIPPINES**

BEST LUXURY HOTEL IN PHILIPPINES

CONRAD MANILA

World Luxury Awards

BEST LUXURY CITY HOTEL SPA IN SOUTHERN ASIA

BEST LUXURY SPA RETREAT IN PHILIPPINES

CONRAD SPA

World Luxury Awards

BEST LUXURY HOTEL RESTAURANT IN SOUTHERN ASIA

BEST CHINESE CUISINE IN PHILIPPINES

BEST LUXURY FAMILY RESTAURANT IN PHILIPPINES

CHINA BLUE BY JEREME LEUNG

World Luxury Awards

PHILIPPINES' BEST CONVENTION CENTRE 2024

SMX CONVENTION CENTER MANILA

World MICE Awards

PHILIPPINES' LEADING CONFERENCE HOTEL 2024

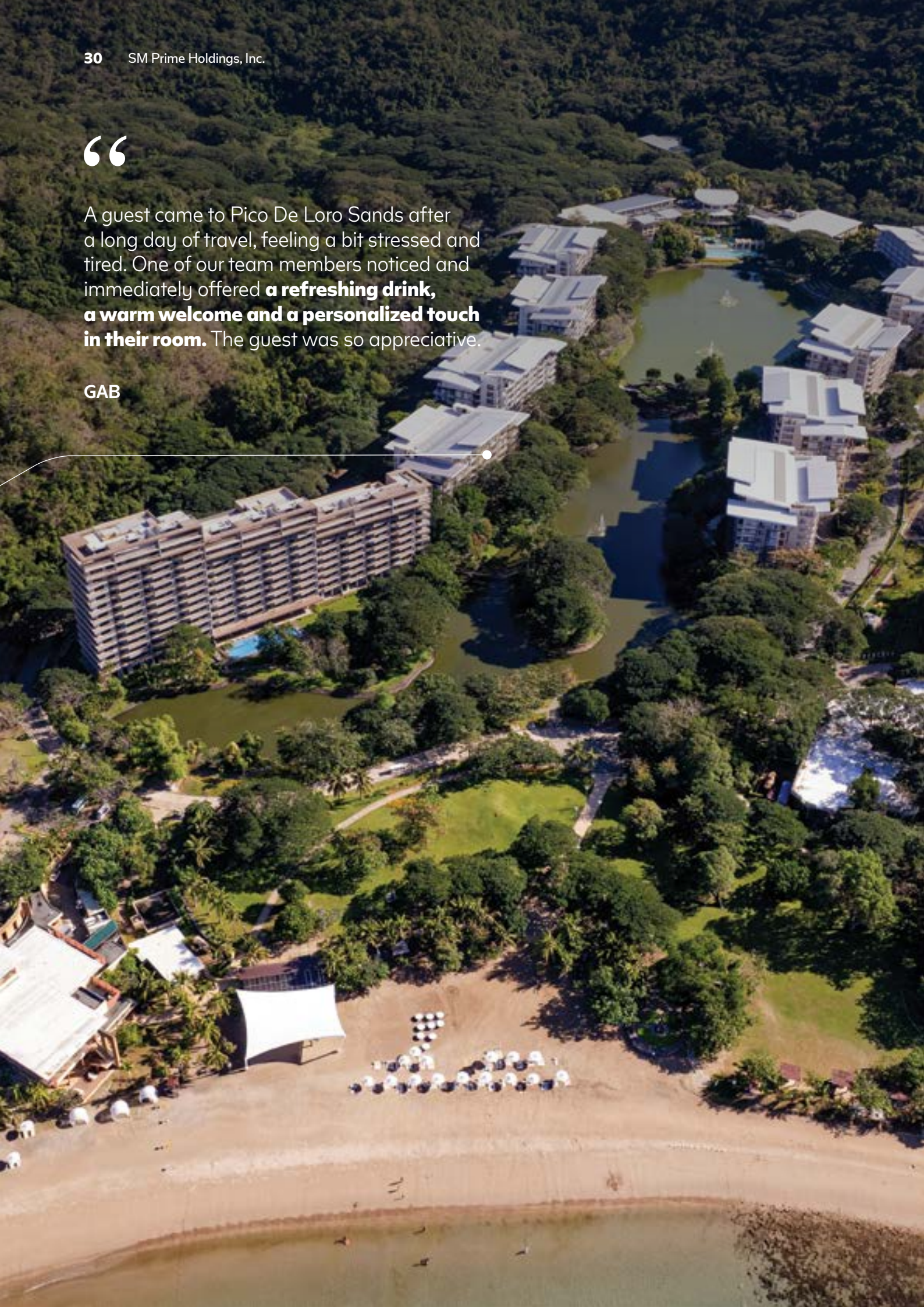
CONRAD MANILA

World Travel Awards

“

A guest came to Pico De Loro Sands after a long day of travel, feeling a bit stressed and tired. One of our team members noticed and immediately offered **a refreshing drink, a warm welcome and a personalized touch in their room.** The guest was so appreciative.

GAB



GRAND WINNER

PARK INN BY RADISSON CLARK
9th Harp Cook off Challenge

**PLAQUE OF APPRECIATION –
OUTSTANDING SUPPORT OF MICECON**

PARK INN BY RADISSON CLARK
Clark Development Corporation

READERS' CHOICE AWARD NOMINEE

CONRAD MANILA
Conde Nast

TOP 3 OVERNIGHT TOURIST ARRIVALS

TAAL VISTA HOTEL
DOT Cavite

**CERTIFICATE OF RECOGNITION FOR THE INVALUABLE
CONTRIBUTION IN THE TOURISM INDUSTRY OF NASUGBU**

PICO SANDS HOTEL
Municipality of Nasugbu, Tourism Industry and Services Office

**CERTIFICATE OF RECOGNITION FOR OUR EFFORTS
TO BE A DOT ACCREDITED ESTABLISHMENT**

PICO SANDS HOTEL
Municipality of Nasugbu, Tourism Industry and Services Office

AWARD OF RECOGNITION

PARK INN BY RADISSON CLARK
Pampanga Press Club

HIGHEST ONLINE PENETRATION

RADISSON BLU HOTEL CEBU
Radisson Hotel Group

OPERATIONAL EXCELLENCE AWARD (2023)

RADISSON BLU HOTEL CEBU
Radisson Hotel Group

HOTEL OF THE YEAR 2023 – SEAP

PARK INN BY RADISSON NORTH EDSA
Radisson Hotel Group

TALENT DEVELOPER OF THE YEAR AWARD – SEAP

ANN OLALO, PARK INN BY RADISSON NORTH EDSA
Radisson Hotel Group

GLOBAL WINNER (MOVE TO ZERO CAMPAIGN)

PARK INN BY RADISSON NORTH EDSA
Radisson Hotel Group

**TOURISM QUALITY AWARDS- MICE EVENT VENUE
CATEGORY (WINNER)**

SM CLARK
TRES Awards

**TOURISM QUALITY AWARDS - MICE EXHIBITION
CATEGORY (WINNER)**

SMX CLARK
TRES Awards

**TOURISM QUALITY AWARDS - MICE EVENT VENUE
CATEGORY (1ST RUNNER UP)**

SMX OLONGAPO
TRES Awards

**TOURISM QUALITY AWARDS - MICE MEETING ROOM
CATEGORY (2ND RUNNER UP)**

SMX CLARK
TRES Awards





BUSINESS PERFORMANCE AND OUTLOOK



MALLS, 36



RESIDENCES, 40



HOTELS AND
CONVENTION CENTERS, 44



OFFICES AND
WAREHOUSES, 48

“

As a Filipino, you know who the Sys are.

When I was a kid, my grandmother would tell me stories about them. Her office was very near the first department store, so I knew about their legacy. I like that I can contribute even just a little to the growth of the company.”

PAM



YEAR IN REVIEW

THE PHILIPPINES: A STORY OF RESILIENT GROWTH

In 2024, the Philippines experienced significant global and domestic economic shifts that influenced growth, investment trends and market dynamics.

Rising geopolitical tensions, persistent inflationary pressures, tight monetary policies, China's economic slowdown, climate change and electoral uncertainties in key countries affected investor confidence, disrupted trade flows and influenced consumer spending, creating both risks and prospects for growth.

Against this backdrop, the Philippine economy managed to grow by 5.6% in 2024, reflecting steady expansion despite missing government targets.

Household consumption rose by 5.2% for the year, indicating sustained consumer spending, while government expenditures increased by 6.9%, supporting infrastructure and public services.

However, gross capital formation slowed to 4.0% on more cautious investment activity, as higher borrowing costs in the first half of the year, global economic uncertainties and a wait-and-see approach among businesses dampened expansion plans.

The Bangko Sentral ng Pilipinas (BSP) maintained a tight monetary stance in the first half of 2024, keeping the policy rate at 6.50%, before gradually cutting rates to 5.75% by year-end to support growth amid easing inflation and global economic volatility.

Annual average inflation rate in the Philippines declined to 3.2% in 2024, down from 6.0% in 2023, remaining well within the BSP's target range of 2% to 4%.

This slowdown was largely driven by a significant drop in food and non-alcoholic beverage inflation, which fell to 4.4% in 2024 from 7.9% in 2023, easing pressure on household expenses.

Global economic headwinds and the country's trade dynamics contributed to the Philippine peso's depreciation against the US dollar. The average exchange rate weakened to Php 57.29 per USD in 2024, from Php 55.63 in 2023, reflecting a 2.9% decline.

Despite external pressures, the Philippine economy remained resilient in 2024, driven by strong consumer spending, government investments and easing inflation.

MALLS



SM Supermalls is the largest shopping mall operator in the Philippines, with 87 malls nationwide and an additional eight in China. Its main revenue streams include rental income from mall and food court leases, cinema ticket sales and amusement income from bowling and ice skating.

By the end of 2024, its Philippine portfolio covered 9.4 million square meters (sqm) in gross floor area (GFA), housing 22,579 tenants. In China, its malls in second- and third-tier cities spanned 1.7 million sqm in GFA.

Almost 70% of SM Supermalls' tenants are micro, small and medium enterprises (MSMEs), making it the country's largest marketplace for MSMEs.

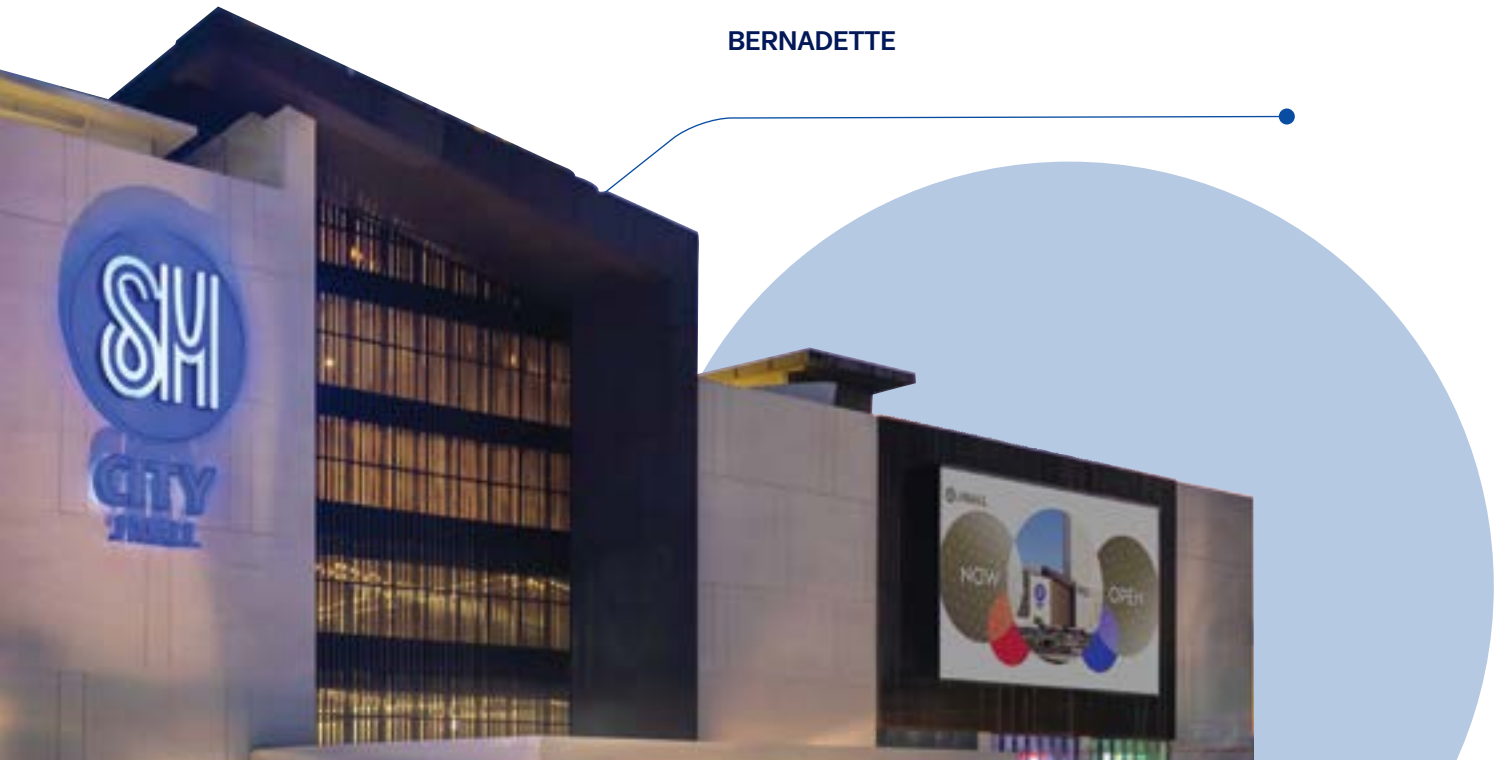
2024 HIGHLIGHTS

Mall revenues increased 9% from Php 63.9 billion to Php 69.7 billion in 2024, driven by strong growth in both its core leasing business and entertainment offerings.

“

SM has made life so convenient for our family—whether it’s groceries, errands or playtime for the kids, it’s all here.”

BERNADETTE



87

Malls

9.4M

Gross Floor Area
(in sqm)

1.4B

Total Foot Traffic

92.4%

Long-Term
Occupancy

35.3B

CAPEX
(in Php)

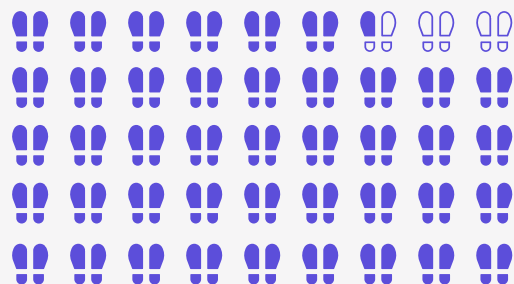
All figures for PH only except CAPEX

Rental income climbed 9% from Php 53.7 billion to Php 58.3 billion, fueled by higher foot traffic, new mall openings and the entry of new international brands. Meanwhile, cinema and other revenues rose 11% from Php 10.2 billion to Php 11.3 billion, boosted by blockbuster movie releases and growing demand for experiential offerings.

In 2024, the Philippine portfolio was expanded with two additional malls. SM City Caloocan commenced operations on May 17 along Deparo Road in Bagumbong, Caloocan City, marking the first large-scale mall in North Caloocan. The development comprises three levels and covers a mall gross floor area of 94,079 sqm with carpark.

PH FOOT TRAFFIC

+6%


 3.6M
2023

 3.8M
2024

On October 25, SM City J Mall opened in Mandaue City, becoming the fifth SM shopping mall in Cebu Province and the 87th in the Philippines. Strategically located along A.S. Fortuna Street in Barangay Bakilid, the four-level retail center has 137,981 sqm of mall gross floor area.

In 2024, SM Supermalls ended the year with a total occupancy of over 92% for long-term leases and 94% for short-term leases. This was driven by the increase in SM Supermalls' total gross floor area, the expansion of existing tenants and the entry of foreign brands—including the Disney Store, Nitori, Niko and..., and Paris Baguette.

Average daily foot traffic for the full year increased by 6% year-on-year, rising from 3.6 million to 3.8 million, propelled by an improved economy, new tenants and brands, targeted marketing, mall expansions and enhanced entertainment offerings.

2025 OUTLOOK

SM Supermalls plans to open three new malls in 2025, collectively spanning over 200,000 sqm of mall gross floor area. Laoag and La Union will each occupy over 70,000 sqm (GFA), while Zamboanga will cover approximately 60,000 sqm (GFA).

Beyond these new developments, SM Supermalls will also continue to enhance its existing portfolio. Key initiatives include the addition of Sky Parks, the

modernization of common areas, cinema upgrades, enhanced dining and entertainment offerings, and the integration of sustainable design features such as energy-efficient lighting, water conservation systems and eco-friendly materials.

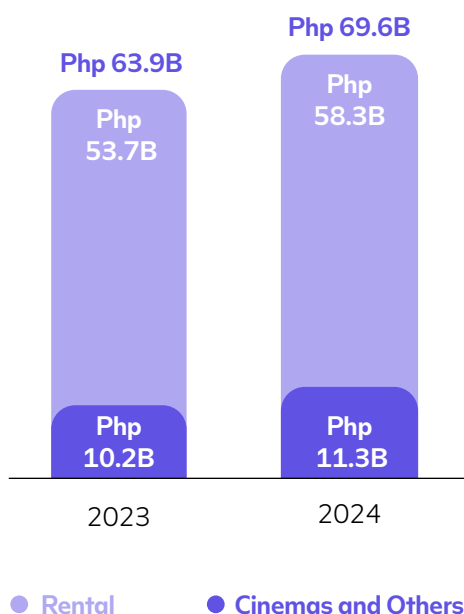
Capital expenditures for these new malls and redevelopment are projected at Php 25 billion (excluding capitalized interest).

To sustain growth and competitiveness, SM Supermalls intends to:

- **Drive foot traffic and sales** by leveraging targeted marketing campaigns and introducing new consumer experiences.
- **Adapt to changing consumer preferences** by refining mall layouts, introducing flexible retail concepts and curating offerings.
- **Refine tenant mix** by attracting diverse local and international brands that cater to evolving shopping habits and emerging lifestyle trends.
- **Incorporate sustainability** through energy-efficient designs, improved waste management, and other eco-friendly measures across new and existing sites.

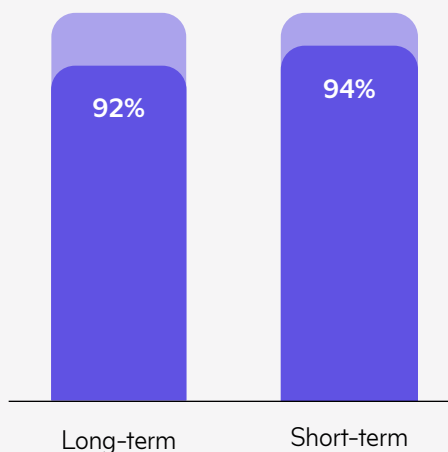
REVENUE

+9%



OCCUPANCY RATES

>90%





SM Megamall Embarks on Major Redevelopment

ADDS 20,000 SQM OF RETAIL SPACE AND AN AIR-CONDITIONED GARDEN

Located on a sprawling 10-hectare property in Ortigas Center, Mandaluyong City, SM Megamall—the Philippines’ third-largest mall and one of the world’s busiest shopping destinations with nearly one million daily visitors—has embarked on a major redevelopment plan to add 20,000 sqm of leasable space.

The expansion plan will feature a new aesthetic developed by Benoy, the renowned architectural firm behind iconic projects such as Icon Siam in Thailand and Jewel Changi in Singapore. SM Megamall’s updated design embodies a nature-inspired oasis of “Crystal Islands,” seamlessly blending exterior and interior spaces.

A key feature of the SM Megamall transformation is an air-conditioned garden on Level 5, which will utilize ethylene tetrafluoroethylene (ETFE) roofing technology to maximize natural light, maintain

comfortable temperatures and create a distinctive indoor-outdoor environment for visitors.

ETFE is recognized for its environmental benefits, including high recyclability, lightweight properties and exceptional durability, contributing to reduced energy consumption and a lower overall environmental impact.

In addition to expanding its retail space, SM Megamall will renovate its cinema complex, enhancing it with advanced technology and introducing seven theaters, two Director’s Club venues and a large-format cinema designed for special events.

The mall redevelopment plan also includes the creation of brighter, wider hallways, expanded common areas and an upgraded parking facility with over 1,000 additional parking slots.

Despite the extensive construction, SM Megamall will remain fully operational, employing strategies from previous SM mall renovations to minimize disruptions and maintain foot traffic.

Upon completion, the redevelopment will strengthen SM Megamall’s position as a premier retail hub and showcase its commitment to innovation, sustainability and exceptional customer experience.

RESIDENCES



SM Prime is consolidating its residential segment under the new ‘SM Residences’ umbrella to create a unified brand architecture for its diverse portfolio of economic, medium-cost, premium and leisure developments.

SM Development Corporation (SMDC), the core residential arm, focuses on providing affordable, accessible and well-designed homes for a diverse range of Filipinos. Its residential projects are strategically positioned near SM malls, transport hubs and business districts, ensuring residents enjoy convenience and seamless access to essential services and opportunities.

SM Residences’ premium line of primary residential developments aims to redefine upscale living by blending practicality, sophistication and exclusivity. Its bespoke vertical and horizontal developments will rise in Metro Manila, Southern Luzon and Cebu’s most sought-after addresses.

SM Leisure Resort Residences provides exclusive access to integrated communities designed for holistic



153.6B

Unbooked Revenues
(in Php)

57.6B

Reservation Sales
(in Php)

26.8K

Total Inventory
(in units)

1,877

Land Bank
(in Ha)

23.1B

CAPEX
(in Php)

Total segment figures

living, offering premium amenities and immersive natural beauty in flagship developments, Tagaytay Highlands and Hamilo Coast.

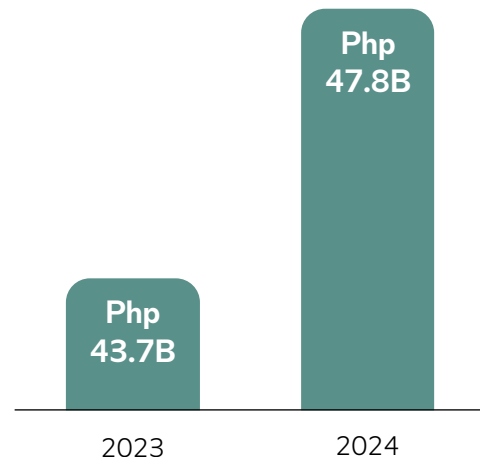
2024 HIGHLIGHTS

Consolidated residential segment revenues grew 9% from Php 43.7 billion to Php 47.8 billion, driven by higher-quality sales and increased project completion.

SMDC is maintaining its stringent buyer requirements to maintain a strong customer base and ensure seamless unit returns to inventory when necessary. Recognizing greater mid-market demand in regions beyond Metro Manila, SMDC expanded its presence with new project launches in key regional areas. These include new units at Vail Residences in Cagayan De Oro, Glade Phase 3 in

REVENUE

+9%



Jaro, Iloilo, and Cool Suites at Wind Residences Phase 2 in Tagaytay, Cavite. With these additions, SMDC now has over 186,000 residential units across 67 projects nationwide, 20 of which are outside Metro Manila.

Reservation sales reached Php 55.4 billion, reflecting a 46% decrease from Php 102 billion. This slowdown was mainly attributed to elevated inflation and interest rates, coupled with tightened buying requirements in the core segment.

Residential unit inventory stood at 26,238 units with a value of Php 163.7 billion. Only 16% of which are ready-for-occupancy (RFO) units. In 2023, inventory reached 23,763 units valued at Php 148.5 billion, with RFO units accounting for 18% of the total.

Meanwhile, SM Leisure Resort Residences launched two projects during the year, namely Phase 1 of M Village in Hamilo Coast in Nasugbu, Batangas and Highlands Residences' Ochre Tower 2 in Tagaytay Highlands.

Reservation sales in the leisure segment declined by 27%, from Php 3.0 billion to Php 2.2 billion, due to Highlands Prime, Inc. transitioning from a with-club-shares model to property-only sales.

New launches in the leisure segment increased inventory by 7%, from 3,569 to 3,806 units, with approximately 26% classified as non-RFO units.

2025 OUTLOOK

SM Residences is entering the upscale market with a new brand for its most exclusive offerings. These premium developments, priced from Php 25 million to over Php 100 million, will include both horizontal and vertical projects in prime locations across Metro Manila, nearby growth corridors and Cebu City.

The first project under this premium brand, a horizontal development in the south of Metro Manila, is scheduled for launch in the second half of 2025.

SM Leisure will expand its Tagaytay Highlands and Hamilo Coast portfolios with several new project launches planned for 2025. Offerings will include residential lots and condominium units.

SMDC is expanding beyond Metro Manila to meet rising demand in key provincial areas. By developing projects in emerging cities, it aims to offer well-planned communities with modern amenities, accessibility and convenience.

In 2025, SMDC is focusing on accelerating inventory turnover through a comprehensive strategy to drive demand, optimize sales operations and enhance buyer engagement. Key initiatives include:

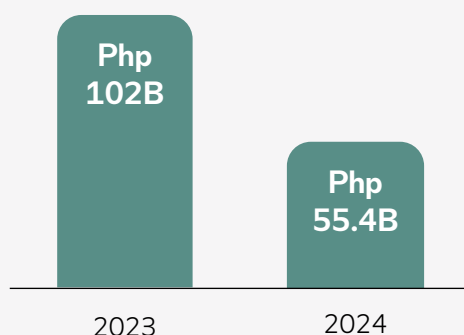
- **Targeted marketing campaigns** to reach key buyer demographics with precision and impactful messaging.
- **Enhanced incentive programs** to accelerate sales velocity.
- **Sales force optimization** to empower sales teams with the tools and training to drive exceptional performance.

Through these strategic initiatives, SMDC is reinforcing its position as a market leader while delivering greater value to homebuyers and investors alike.

Capital expenditure for the residential segment in 2025 is nearly Php 30 billion, divided between development (Php 20.7 billion) and land banking (Php 9.2 billion). The bulk of the total budget will be allocated to SMDC.

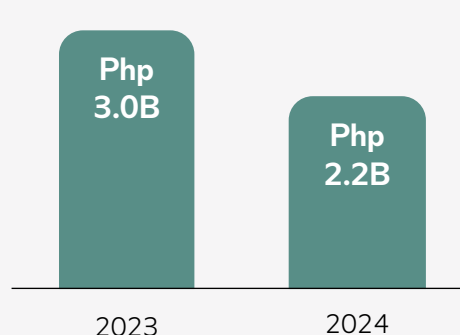
CORE RESERVATION SALES

-46%



LEISURE RESERVATION SALES

-27%





Hamilo Coast Welcomes M Village

A PREMIER RESIDENTIAL ENCLAVE IN AN ECO-RESORT SETTING

Building on the success of Pico de Loro Cove, Hamilo Coast now sets the stage for its next landmark development, M Village at Marina Estates. This exciting new cove is poised to elevate the coastal living experience, offering a fresh perspective on seaside leisure and luxury.

Nestled within the expansive 265-hectare mixed-use Marina Estates in Hamilo Coast, Nasugbu, Batangas, M Village is the first residential community in this coastal sanctuary. Thoughtfully-designed to blend seamlessly with nature, it offers a tranquil haven for discerning individuals seeking both relaxation and recreation.

Launched in July 2024, M Village comprises 174 generously sized lots, ranging from 301 to

705 square meters. Each lot affords unparalleled privacy and breathtaking views of Mt. Naligang and the lush green environs. Completion is scheduled for late 2028.

Its proximity to the soon-to-be-developed Hamilo Marina and Hamilo Golf Course will further enhance M Village's appeal, solidifying Hamilo Coast as a premier leisure destination.

With its strategic location and exclusive offerings, M Village presents a compelling opportunity for those seeking an elevated coastal lifestyle.

HOTELS AND CONVENTION CENTERS

“

Lately, I've cultivated hanging out with the younger crowd. It helps me understand our future employees and travelers. For the hotels to stay relevant, I need to know what they want, how the culture is evolving and **what we can offer that's innovative and yet staying true to who we are.**”

LEAH



SM Hotels and Conventions Corporation (SMHCC) develops and operates tourism and MICE (Meetings, Incentives, Conferences, and Exhibitions) facilities, generating revenue from room bookings, event venue leasing and food and beverage (F&B) sales.

Its diverse hotel portfolio includes luxury accommodations (Conrad Manila and Radisson Blu Hotel Cebu), leisure destinations (Taal Vista Hotel and Pico Sands Hotel) and business hotels (Park Inn by Radisson and Lanson Place Mall of Asia) in key locations across the Philippines.

SMHCC also manages standalone SMX Convention Centers and mall-based trade halls across Metro Manila and other key cities, providing premier venues for corporate events, exhibitions and large-scale gatherings.

Established in 1992, SMX Convention Centers is the largest privately-owned convention center group in the country. Its branches include SMX Manila, SMX Aura, SMX Bacolod, SMX Clark, SMX Davao and Olongapo City Convention Center, along with two trade halls—Megatrade Hall and Sky Hall Seaside Cebu.



10

Hotels

2,601

Hotel Rooms

8

Event Venues

42K

Total Leasable Area
(in sqm)

6.3M

Annual Event Visitors

2024 HIGHLIGHTS

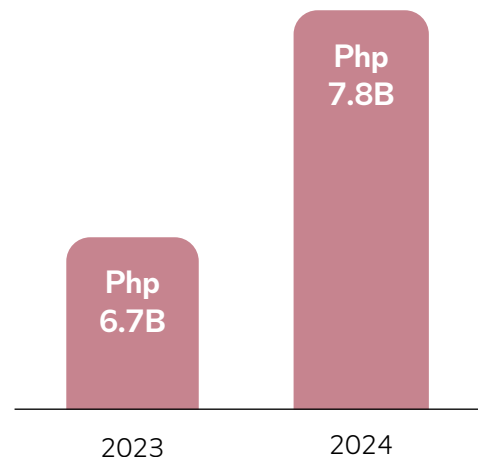
Hotel and convention center revenues reached an all-time high of Php 7.8 billion in 2024, a 17% increase from Php 6.7 billion the prior year. The double-digit improvement was driven by higher hotel occupancy and room rates, increased MICE bookings and strong F&B sales.

Phreatic activity at Taal Volcano reduced leisure hotel bookings, but overall, the hotel portfolio performed well. Luxury properties recorded the highest occupancy growth, and the average daily rate (ADR) across all hotels rose 7% year-on-year.

In April, SMHCC expanded its portfolio with the opening of Lanson Place Mall of Asia, its first serviced

REVENUE

+17%



apartment-hotel hybrid property and the Hong Kong-based brand's debut in the Philippines.

Conrad Manila received multiple industry accolades in 2024, earning top honors for luxury, business hospitality and sustainability. It was named Best Luxury Sustainable Hotel in Southern Asia and Best Luxury Conference & Event Hotel in the Philippines at the World Luxury Awards, while also winning Best Business Hotel in the Philippines at the TTG Travel Awards and Philippines' Leading Conference Hotel at the World Travel Awards. Its signature dining and wellness offerings, China Blue by Jereme Leung and Conrad Spa, also received multiple awards at the World Luxury Awards.

SMX Convention Centers recorded a 15% increase in events, driving total foot traffic to 6.3 million. SMX Manila led in total bookings, while SMX Clark posted the highest growth, fueled by major events such as the 50th National Convention of the Philippine Institute of Civil Engineers and MICECON 2024.

SMX Manila received top industry awards in 2024, including Best Local Convention Centre from APAC Insider's South East Asia Business Awards, Best Convention Center in the Philippines from the World MICE Awards and Best Convention & Exhibition Center at the 33rd TTG Travel Awards.

2025 OUTLOOK

The Philippine tourism industry had a remarkable year in 2024, generating a record-high Php 760.5 billion in revenues, a 9% increase from the previous year. This

growth also surpassed pre-pandemic levels by 27%, reflecting the strong resurgence of both business and leisure travel.

The MICE industry is similarly rebounding, presenting opportunities for targeted expansion in hotels and convention centers.

Building on this momentum, SMHCC is investing nearly Php 15 billion in a five-year expansion program set to deliver eight new hotels and two convention centers by the end of 2028. This expansion will add over 1,500 guestrooms and 47,000 square meters of leasable space to its portfolio.

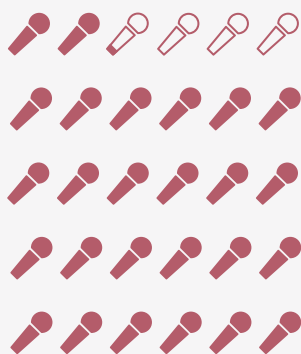
In addition to expansion, upgrades to existing properties are underway to enhance guest experiences and maintain market competitiveness. Taal Vista, Pico Sands Hotel and Park Inn by Radisson Davao are undergoing renovations to add new function rooms, expand F&B offerings and upgrade guest accommodations.

SMX Convention Centers are positioning themselves for the industry's continued recovery. Its Cebu location, set to open in Q4 2026, will be SMHCC's largest convention venue, surpassing SMX Manila in capacity. The 40,879-square-meter facility will offer 24,212 sqm of leasable space, opening alongside a three-star hotel, followed later by SM Arena and a four-star hotel.

Further expansion plans include the phased developments of SMX Clark and SMX Manila scheduled between 2027 and 2028, respectively.

NUMBER OF EVENTS (Convention Centers)

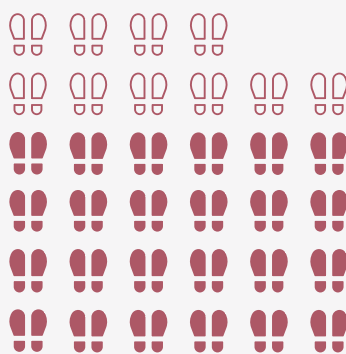
+14.7%



1,476
2023 **1,693**
2024

FOOT TRAFFIC (Convention Centers)

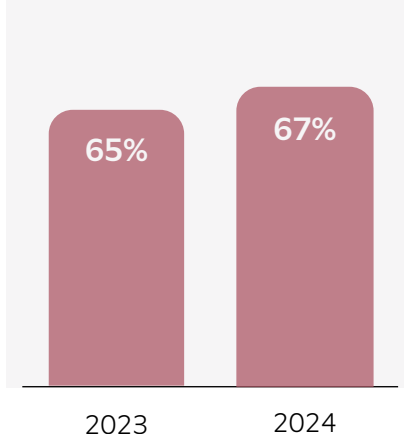
+40%



4.5M
2023 **6.3M**
2024

OCCUPANCY RATE (Hotels)

+2pp



2023 2024



China Blue by Jereme Leung

A FEAST FOR THE SENSES, A CELEBRATION OF FLAVOR

Since 2016, China Blue by Jereme Leung at Conrad Manila has elevated modern Chinese fine dining in the Philippines. Blending authentic flavors with artful plating, the restaurant creates a dining experience that captivates both the eye and the palate.

Beyond its cuisine, China Blue exudes a warm yet sophisticated ambiance. At the entrance, nine jade-inspired sculptures by Filipino artist Indy Paredes symbolize prosperity, longevity and happiness. Inside, striking blue chandeliers, an open kitchen and plush interiors create a setting that is inviting yet refined.

This commitment to dining excellence has earned the restaurant multiple awards at the 2024 World Luxury Awards, including Best Luxury Hotel Restaurant in Southern Asia, Best Chinese Cuisine in the Philippines and Best Luxury Family Restaurant in the Philippines. It was also recognized among Tripadvisor's Top 10 Fine Dining Restaurants in Asia in the 2022 Travellers' Choice Best of the Best Awards.

With its award-winning flavors, elegant ambiance and impeccable service, China Blue by Jereme Leung offers a dining experience that lingers beyond the last bite—a true celebration of taste, culture and culinary expertise.

OFFICES AND WAREHOUSES



SM Commercial Properties Group develops, leases and manages SM Prime's office and warehouse portfolio, strategically located in key commercial districts, major cities and high-growth provinces.

Its standalone and mall-based office spaces serve a diverse range of multinational and local companies across financial services, retail, information technology, telecommunications, logistics and business and knowledge process outsourcing (BPO/KPO) firms.

SM Offices provides a combination of build-to-suit and ready-to-use workspaces, designed with convenience, employee well-being and sustainability in mind. The E-Com Centers—a series of modern, iconic office buildings in the Mall of Asia Complex—feature LEED-certified structures, energy-efficient systems, water conservation measures, responsible waste management and e-vehicle charging stations.

SM Warehouses, located in Paranaque, Taguig, Tondo, Laguna, Quiapo and Pasig, support both the

“

Being based in the E-Com Towers has been a game-changer for our organization, allowing us to grow and scale with confidence.

The E-Com teams have been incredible partners—reliable and fully aligned with our operations. Their unwavering support and collaboration have ensured smooth day-to-day operations, and we move forward with peace of mind knowing we have such strong, committed partners by our side.”

AMAZON PHILIPPINES

22

Office Buildings

963K

Leasable Office Space (in sqm)

85%

Office Occupancy Rate

6

Warehouse Properties

226K

Leasable Storage Space (in sqm)

SM Group's retail operations and third-party tenants looking for storage facilities in Metro Manila and nearby areas.

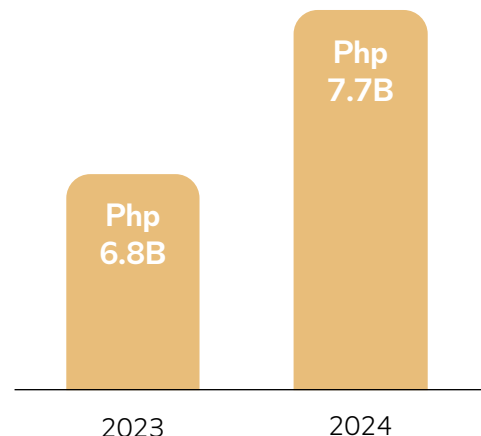
2024 HIGHLIGHTS

Occupancy levels remained robust, with revenues from offices and warehouses growing by over 13% from Php 6.8 billion to Php 7.7 billion, driven by improved office occupancy and higher demand for warehouse spaces despite a challenging market environment.

Backed by prime locations and high-quality workspaces, over 45,000 sqm of office space were signed during the year, reflecting a 10% increase from the previous year. There was a notable shift in tenant

REVENUE

+13%



preferences towards provincial areas and mixed-use developments that include, or are close to, retail and recreational amenities.

The strong leasing performance was supported by the expansion of multinational corporations, BPO firms and technology companies, alongside renewals from key tenants. Meanwhile, all warehouse properties remained fully occupied, reinforcing SM Prime's position as a preferred logistics partner in a growing e-commerce landscape.

SM Prime's office developments also garnered industry recognition in 2024, underscoring excellence in design, sustainability and business impact.

At the Southeast Asia Regional Dot Property Awards, Mega Tower was named Best Office Development, while Three E-Com Center won Best LEED Development. The PropertyGuru Philippines Property Awards recognized Four E-Com Center as Best Office Development, with SM Clark Tech Hub earning a High Commendation for Best BPO Office Development.

2025 OUTLOOK

SM Offices continues to expand, with the construction of more than 100,000 sqm of mall-based offices and Six E-Com Center underway. Located in the Mall of Asia Complex, Six E-Com Center will be the latest in the E-Com Series, offering over 60,000 sqm of premium leasable workspace, featuring expansive floor plates, state-of-the-art facilities and energy-efficient systems, catering to traditional corporations, BPO firms and multinational companies.

To attract more tenants to both its standalone and mall-based offices, SM Offices is using a comprehensive approach: actively promoting its spaces, providing attractive rental options, offering flexible lease agreements and upgrading its buildings with advanced, eco-friendly technologies to better serve its tenants.


With all six warehouse properties operating at full capacity and demand for logistics rising—driven by e-commerce growth and the need for temperature-controlled storage—SM Warehouses plans to further expand its portfolio within the National Capital Region and nearby provinces by offering interested third parties build-to-suit structures using the company's extensive land bank.

SIGNED WORKSPACE (in sqm)

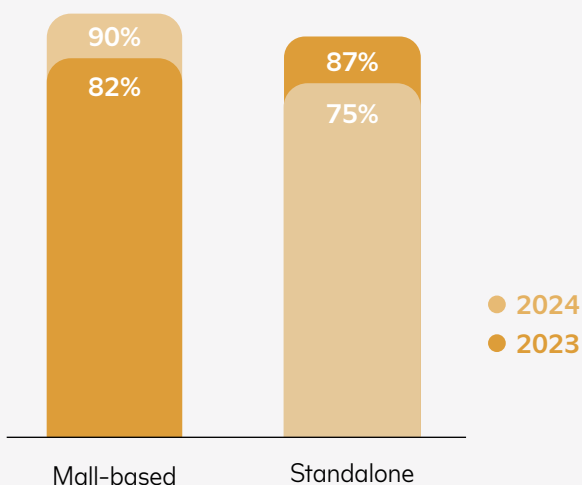
+9.7%



 **410,000**
2023

 **450,000**
2024

OCCUPANCY RATES





Mega Tower

INNOVATION IN DESIGN, SUSTAINABILITY IN EXECUTION

Rising 50 stories, Mega Tower is the tallest skyscraper in the Ortigas Central Business District and the SM Offices portfolio. Located along Epifanio de los Santos Avenue (EDSA), just a five-minute walk from the Metro Rail Transit Line 3, it offers unmatched accessibility and stunning views—from a golf course to the north, mountain ranges to the east, the sunrise over Laguna de Bay to the south, and Manila's iconic sunset to the west.

But beyond its height and vistas, Mega Tower is distinguished by its curvilinear architectural design and green, energy-efficient systems. Designed by Arquitectonica, Mega Tower won Best Office Architectural Design at the 2022 PropertyGuru Philippines Property Awards and Best Office Architectural Design (Asia) at the 2022

PropertyGuru Asia Property Awards Grand Final. In 2024, it was also recognized as the Best Office Development at both the Dot Property Southeast Asia Awards and the Dot Property Philippines Awards.

A LEED Gold-certified development, Mega Tower consumes 14% less energy and 30% less water, with a chilled water air-conditioning system and energy recovery wheel that enhance efficiency and sustainability.

With more than 90,000 sqm of premium leasable area, 29 high-speed elevators and a direct access to SM Megamall, Mega Tower offers an exceptional work experience, making it an ideal workplace for forward-thinking companies.





CORPORATE GOVERNANCE



CORPORATE GOVERNANCE, 54



ENTERPRISE RISK MANAGEMENT, 76



BOARD OF DIRECTORS, 86

CORPORATE GOVERNANCE

SM Prime remains steadfast in its commitment to best practices in corporate governance (CG). Good corporate governance is critical to the company's long-term goals and success as it provides a solid foundation for building SM Prime's reputation and preserving investors and stakeholders trust.

In 2024, the Board of Directors (Board) of the company approved amendments to SM Prime's Articles of Incorporation and By-Laws to align with the latest laws, regulations and corporate governance best practices. The amendments to the By-Laws were approved through delegated authority granted by shareholders to the Board of Directors and the amendments to the Articles of Incorporation were ratified by shareholders during the 2024 Annual Stockholders' Meeting.

The company's commitment to upholding excellence in corporate governance was reaffirmed in 2024 when it received the Five Golden Arrow Award, the highest corporate governance distinction conferred by the Institute of Corporate Directors.

Inspired by previous corporate governance awards and recognitions, SM Prime adopts policies and practices beyond the minimum requirements of applicable laws and regulations. Likewise, the company is dedicated to sustaining good corporate governance, which underscores its core principles of fairness, accountability and transparency. These principles constitute the foundation of SM Prime's CG Framework and are embodied in its governance structure, processes, operations and dealings with various stakeholders.

SM Prime's corporate governance policies and practices are outlined in its Manual on Corporate Governance

(MCG), Integrated Report, Board Committee Charters and Code of Business Conduct and Ethics.

As a publicly listed company (PLC) on The Philippine Stock Exchange (PSE), SM Prime complies with the relevant rules of the Securities and Exchange Commission (SEC), such as the Revised Corporation Code, the PSE's Listing and Disclosure Rules and other applicable regulatory requirements. The company continues to align and adopt policies and best practices based on the ASEAN Corporate Governance Scorecard (ACGS), which espouses international CG best practices.

Relevant information about SM Prime's business, disclosures, reports, press releases, corporate policies, sustainability and financial reports, stockholders' meetings and other key updates are readily available on the company's website, allowing stakeholders and regulators to review its performance in relation to service standards. Reports and information posted on the corporate website are ensured to be accurate and up to date.

SM Prime strives to create value at all times through its businesses, marked not only by product quality and service excellence but, more importantly, by a commitment to caring for its customers, communities and the environment to ensure sustainable growth and progress.



GOVERNANCE STRUCTURE

Board of Directors

The Board of Directors is the foundation of SM Prime's corporate governance practices, ensuring the achievement of the company's vision and mission while upholding its core values of hard work, innovation, integrity, teamwork and sustainability.

The Board is composed of eight (8) highly experienced members elected by shareholders during the Annual Stockholders' Meeting (ASM) and hold office for the ensuing year until the next meeting.

Board Governance

The Board of Directors, with the Chairperson as the highest governance body in the organization, is at the helm of its governance structure. The Board ensures high standards of best practices for the company, stockholders and stakeholders. Its duties and responsibilities include:

- Formulating the company's long-term vision and mission
- Establishing and overseeing the strategic framework and business objectives
- Ensuring an effective succession planning program for directors, key officers and management
- Aligning the remuneration of key officers and Board members with the company's long-term interests

- Maintaining a transparent Board nomination and election policy, disclosed in the Corporate Governance Manual
- Implementing a policy and system for related party transactions (RPTs) and other significant transactions
- Selecting and evaluating management and control functions
- Overseeing the performance management framework to ensure adherence to high standards
- Ensuring an effective internal control system and risk management framework
- Maintaining a publicly available Board Charter
- Disclosing any transactions related to Board members' holdings of SM Prime shares within three business days
- Overseeing the company's sustainability policies and ensuring alignment with economic, environmental, social and governance (EESG) best practices
- Ensuring the implementation of Anti-Money Laundering and Counter-Terrorism Financing strategies and programs
- Performing other responsibilities as mandated

Board Committees

The Board may create special committees of temporary or permanent nature and determine the members' term, composition, powers and responsibilities, as stated in the

company's By-Laws, Manual on Corporate Governance and Board Charter. These committees assist the Board in implementing best corporate governance practices, while ensuring sustainable growth, corporate value enhancement and strong returns for shareholders.

Board committees focus on key governance areas, including audit, risk management, related party transactions and corporate governance. Through these committees, the Board is of the opinion that the Group's internal control systems and risk management frameworks remain effective in addressing the company's key risks.

Each committee operates under a formal charter that outlines its composition, duties and oversight responsibilities in areas such as internal controls, risk management, sustainability, compliance and performance evaluation. These charters are reviewed and updated regularly to reflect corporate direction and new regulatory developments, including laws and SEC issuances. Each Board Committee Charter is publicly available on the company's website.

To enhance the efficiency of Board operations, the following committees have been established:

A. The Executive Committee

The Executive Committee assists the Board in:

- Overseeing the implementation of corporate strategies and long-term goals
- Reviewing and addressing major issues facing the organization
- Monitoring business group operations and defining performance improvement goals

Regular committee meetings are held at least once a month. In accordance with the Revised Manual on Corporate Governance, all Executive Committee actions are reported to the Board at the next Board meeting for review or modification as needed.

The Board, through the Executive Committee with the assistance of the Chief Finance Officer, reviews and approves SM Prime's tax strategy. This is regularly reviewed when new tax regulations are issued or existing regulations are amended.

SM Prime also has processes in place to monitor compliance with all government requirements and stays updated on regulatory developments in the real estate industry. The payment of taxes supports sustainable development and is an essential component of the company's sustainable development strategy.

MEMBERS

DESIGNATION

DIRECTORSHIP

Hans T. Sy

Chairperson

Non-Executive

Henry T. Sy, Jr.

Member

Non-Executive

Jeffrey C. Lim

Member

Executive

Herbert T. Sy

Member

Non-Executive

Elizabeth T. Sy

Member

Non-Director

John Nai Peng C. Ong

Member

Non-Director

B. The Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities to shareholders by ensuring the quality and integrity of the company's accounting, financial reporting, auditing practices, risk management and internal control systems and adherence to corporate governance best practices.

This committee also oversees the company's process for monitoring compliance with laws, regulations and the Code of Ethics, and performs other duties as required by the Board. The committee met four (4) times in 2024, with 100% attendance in all meetings.

MEMBERS	DESIGNATION	ATTENDANCE			
		2/19	5/6	8/5	11/11
Amando M. Tetangco, Jr. (ID)	Chairperson	✓	✓	✓	✓
Darlene Marie B. Berberabe (ID)	Member	✓	✓	✓	✓
J. Carlitos G. Cruz (ID)	Member	✓	✓	✓	✓
Jorge T. Mendiola (NED)	Member	✓	✓	✓	✓

C. The Board Risk Oversight Committee

The Board Risk Oversight Committee aids the Board in overseeing the company's Enterprise Risk Management system to ensure its functionality and effectiveness. This committee assists the Board in ensuring an effective and

integrated risk management process is in place. The committee held four (4) meetings in 2024, with 100% attendance in all meetings.

MEMBERS	DESIGNATION	ATTENDANCE			
		2/19	5/6	8/5	11/11
J. Carlitos G. Cruz (ID)	Chairperson	✓	✓	✓	✓
Amando M. Tetangco, Jr. (ID)	Member	✓	✓	✓	✓
Jorge T. Mendiola (NED)	Member	✓	✓	✓	✓

D. The Corporate Governance Committee

The Corporate Governance Committee assists the Board in performing its corporate governance and compliance responsibilities, including functions formerly assigned to the Nomination, and Compensation and Remuneration Committees. This committee also ensures the CG Framework aligns with local and international best practices by reviewing and recommending changes, improvements or enhancements to the company's policies, including the MCG. The committee believes that prudent and effective corporate governance practices form the foundation of the company's strength and long-term existence, enhancing and maximizing long-term shareholder value.

This committee is also responsible for the company's sustainability reporting, apprising the Board of significant sustainability-related concerns of SM Prime's stakeholders, and making appropriate recommendations regarding targets and strategies to improve the company's sustainability performance.

In 2024, the committee held four (4) meetings with 100% attendance.

MEMBERS	DESIGNATION	ATTENDANCE			
		2/19	5/6	8/5	11/11
Darlene Marie B. Berberabe (ID)	Chairperson	✓	✓	✓	✓
J. Carlitos G. Cruz (ID)	Member	✓	✓	✓	✓
Amando M. Tetangco, Jr. (ID)	Member	✓	✓	✓	✓

The Corporate Governance Committee also determines the number of directorships in publicly listed companies a

Board member may hold simultaneously with their SM Prime board seat.

DIRECTORSHIP IN OTHER REPORTING COMPANIES

DIRECTOR	NAME OF REPORTING COMPANY	NATURE OF DIRECTORSHIP
Henry T. Sy, Jr.	Synergy Grid & Development Phils., Inc. SM Investments Corporation	Chairperson Vice Chairperson
Amando M. Tetangco, Jr.	SM Investments Corporation Belle Corporation (<i>until May 2024 only</i>) Converge ICT Solutions, Inc. Shell Pilipinas Corporation	Chairperson Independent Director Independent Director Independent Director
J. Carlitos G. Cruz	Vivant Corporation SP New Energy Corporation (<i>until December 2023 only</i>)	Independent Director Independent Director
Hans T. Sy	China Banking Corporation SM Investments Corporation	Chairperson Adviser to the Board
Herbert T. Sy	China Banking Corporation SM Investments Corporation	Director Adviser to the Board
Jeffrey C. Lim	Concrete Aggregates Corporation	Director

E. The Related Party Transactions Committee

The Related Party Transactions Committee aids the Board in reviewing all material related party transactions (RPTs) of the company. This committee's mandate specifically includes evaluating RPTs to ensure they are undertaken on terms no less favorable to the company

than those offered to any unaffiliated third party under similar circumstances and overseeing the implementation and regular review of the related party transactions policy. The committee held one (1) meeting in 2024 with 100% attendance.

MEMBERS	DESIGNATION	ATTENDANCE
		2/19
Darlene Marie B. Berberabe (ID)	Chairperson	√
Amando M. Tetangco, Jr. (ID)	Member	√
Jorge T. Mendiola (NED)	Member	√

BOARD REMUNERATION

The Corporate Governance Committee ensures that the remuneration of directors and key officers is aligned with the long-term interests of the company, business policies and strategy. In line with the company's Code of Ethics, employee compensation and rewards are determined based on individual and company performance. The Board Remuneration Policy, adopted by the company, outlines the process for determining remuneration for executive directors and senior management.

Members of the Board receive a reasonable per diem for each regular or special Board meeting or Board Committee meeting attended. Total compensation paid to directors for their performance of duties and functions as members of the Board of Directors is disclosed annually in the Definitive Information Statement sent to shareholders. The total amount does not exceed 10% of the company's total income before tax during the preceding year, in accordance with SM Prime's By-Laws and relevant laws and regulations.

In line with SM Prime's Manual on Corporate Governance (MCG), no Board member shall participate in the determination or discussion of their own per diems or compensation.

The company's fixed remuneration for employees is subject to an annual merit increase, while its variable remuneration is performance-based and determined by individual and overall company performance. This structure is designed to improve retention, enhance performance in line with the company's long-term goals and safeguard its long-term health and viability.

BOARD PERFORMANCE AND EVALUATION

Board members participate in an annual self-assessment exercise to evaluate their individual and collective performance. This exercise allows each director to assess his/her performance, participation in discussions and involvement in decision-making in the boardroom, ensuring effective governance and identifying areas for improvement. The Corporate Governance Committee facilitates this self-assessment process.

Annually, the Corporate Governance Committee evaluates the performance of the Board as a whole, its respective Board Committees, individual Directors, the Chairperson of the Board, each committee, the President, and other key officers based on the duties and responsibilities outlined in SM Prime's Revised Manual on Corporate Governance and By-Laws.

This evaluation is conducted in the first quarter of each year for the previous year's performance. It also serves as an opportunity to identify areas for improvement in terms of training, continuing education programs or other forms of support that Directors may need in fulfilling their duties.

The evaluation process includes an assessment of the support services provided to the Board, such as the quality and timeliness of information, the frequency and conduct of regular, special or committee meetings and the accessibility of Management, the Corporate Secretary and Board advisers, among others.

Every three (3) years, this assessment is conducted with the support of an independent external facilitator in compliance with the SEC's Code of Corporate

Governance for Publicly Listed Companies. In 2022, the Institute of Corporate Directors (ICD) was engaged to conduct a Third party-led Board Evaluation for the Board's performance. The scope of the evaluation includes the Board's structure and composition, responsibilities and duties, board processes, dynamics and relationships, and corporate governance practices.

The following are the results of the evaluation conducted by ICD:

- SM Prime has a strong culture of compliance. Management ensures policies are properly deployed across the organization.
- The Board's structure is well-defined, and roles are observed in practice.
- Discussions are open at both the committee and board levels. Management executives actively engage in Board meetings.
- The Board values good governance and sustainability, which serve as the foundation for each report, policy and program.

The results of the assessment, including recommendations, were presented to the Board by the Corporate Governance (CG) Committee during the 2nd Quarter Meeting. Subsequently, the Board noted the results and ICD's recommendations. The Board, through the CG Committee, monitored the progress of these recommendations and improved its performance to further strengthen its function.

BOARD MEETINGS AND ATTENDANCE

Regular board meetings are held quarterly and scheduled in advance before the start of the year. Special meetings may be called as needed. In accordance with CG best practices and the Company's Manual on Corporate Governance (MCG), the Board receives board materials and documents containing matters to be discussed at least five (5) working days before the scheduled meeting.

The Board of Directors held nine (9) meetings in 2024 on the following dates: February 1, February 19, April 23 (3), May 6, August 5, November 11 and December 9. All meetings recorded 100% attendance of Board members, ensuring compliance with the SEC's attendance requirement.

TRAINING AND CONTINUING EDUCATION PROGRAM

In accordance with the provision of the MCG and Charter of the Board, to support the Board in its roles, a comprehensive 8-hour orientation program is given for new directors and 4-hour continuing training annually for existing directors, which includes an understanding of the contributions the director is expected to make, an explanation of the Board and its committees, the company's business, corporate governance and other matters. The Board, together with other key officers of SM Group, actively attends several training programs annually to stay-up-to-date with new laws and regulations, updates in CG standards and relevant market trends that can affect the company's business, CG matters, sustainability, among others.



“

- **The training and development programs at SM Prime go beyond the basics**—they prepare us to lead, innovate and take on major projects with confidence. Leadership here is about empowerment, and it shows in every learning opportunity.

RONNIE

TRAINING TITLES, PROVIDER AND TOPICS

July 26, 2024

2024 CORPORATE GOVERNANCE SEMINAR

BDO Unibank, Inc.

Updated Retail Banking Trends with Generative AI
The Evolving Cyber Threat Landscape: Current and Future Impact on BDO
and Navigating the Risk
Managing Cyber Risk – Directors Cyber Awareness Briefing

August 7, 2024

ADVANCED CORPORATE GOVERNANCE TRAINING

China Bank Corporation/Institute of Corporate Directors

Artificial Intelligence (AI) Governance and Use Cases
Anti-Money Laundering Act Updates

August 27, 2024

2024 CORPORATE GOVERNANCE SEMINAR

SM Investments Corporation/Institute of Corporate Directors

Global Economic and Geopolitical Outlook
AI Series/Talks: Artificial Intelligence, Future of Technology
Cybersecurity

October 3, 2024

ANTI-MONEY LAUNDERING (AML) AND COUNTER TERRORIST AND PROLIFERATION FINANCING REFRESHER TRAINING

SGV & Co.

Legislative Context & Regulatory History
Current State of the Philippines
Current AML/CTPF Risks & Regulations
Case Study and Typologies
Technology and Compliance as a Strategic Advantage
Strategic Oversight and Closing

**November 21,
2024**

ADVANCED CORPORATE GOVERNANCE TRAINING

Institute of Corporate Directors

Artificial Intelligence (AI) for Leaders - Executive Session

DIRECTORS

Henry T. Sy, Jr.	Amando M. Tetangco, Jr.	Darlene Marie B. Berberabe	J. Carlitos G. Cruz	Hans T. Sy	Herbert T. Sy	Jorge T. Mendiola	Jeffrey C. Lim
Chairperson/ Non-Executive Director	Vice Chairperson/ Lead Independent Director	Independent Director	Independent Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Executive Director
✓				✓	✓		✓
	✓	✓	✓			✓	
✓	✓	✓	✓			✓	✓
		✓	✓	✓			✓

TRAINING TITLES, PROVIDER AND TOPICS

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ADVISERS TO THE BOARD AND KEY OFFICERS

Teresita Sy-Coson	Elizabeth T. Sy	Edward K. Lee	John Nai Peng C. Ong	Marvin Perrin L. Pe	Joanna B. Tiangco	Elmer B. Serrano	Arthur A. Sy
Board Advisor	Board Advisor	Independent Board Advisor	Chief Finance Officer, Chief Compliance Officer and Corporate Information Officer	Chief Audit Executive	Chief Risk Officer	Corporate Secretary and Alternate Compliance Officer	Assistant Corporate Secretary and Alternate Corporate Information Officer
✓	✓						
			✓				
		✓		✓	✓	✓	✓
			✓	✓	✓		✓
		✓	✓	✓	✓		

BOARD SUPPORT

All members of the Board have direct and independent access to the Corporate Secretary, the Compliance Officer and Management. Their qualifications, duties and responsibilities are stated in the Manual on Corporate Governance (MCG). The company ensures that the Board, including key officers, regularly attends the annual corporate governance training.

MANAGEMENT

President

The President is responsible for the minimum internal control mechanisms of Management's operations and is accountable for the company's organizational and procedural controls. The President reports directly to the Board and provides the Board with timely information and an interface between the Board and employees. The President is also responsible for overseeing the company's operations and managing human and financial resources in accordance with the strategic plan. The President is the only Executive Director of the company and is assisted by Senior Management, including heads of various business units.

Corporate Secretary

The Board is assisted by a Corporate Secretary, who is not a member of the Board of Directors and is separate from the Chief Compliance Officer, ensuring the effective discharge of duties and responsibilities. The Corporate Secretary assists the Chairs of the Board and its committees in preparing the agenda for Board meetings, notifies the Board before every meeting and supports the Board in making business judgments in good faith.

The Corporate Secretary gathers and analyzes documents, records and other information, including updates and changes to relevant rules, laws and regulations, and keeps the Board informed of matters essential to the conduct of their duties and responsibilities. The Corporate Secretary's functions are stated in the company's By-Laws and MCG.

Chief Compliance Officer

The Chief Compliance Officer (CCO), who is also not a member of the Board, ensures that the organization adheres to corporate principles and best practices. The CCO monitors, reviews, evaluates and ensures the compliance of the corporation, its officers and directors with relevant laws, the company's MCG, rules, regulations and all governance issuances of regulatory agencies.

The Board, through the Chief Compliance Officer, reviews business units' strategies and targets and monitors their progress toward achieving the company's strategic objectives.

Chief Audit Executive

The Chief Audit Executive (CAE), appointed by the Board, oversees and is responsible for the internal audit activity of the organization. The CAE establishes a risk-based internal audit plan, including policies and procedures, to determine audit priorities consistent with the organization's goals. The CAE periodically reports to the Audit Committee on internal audit performance.

Chief Risk Officer

The Chief Risk Officer (CRO) serves as the ultimate champion of Enterprise Risk Management (ERM) and leads its development, implementation, maintenance and continuous improvement. The CRO, in collaboration with Management, updates, makes recommendations and reports to the Risk Oversight Committee, Corporate Governance Committee and Related Party Transactions Committee.

BOARD DIVERSITY

As part of SM Prime's CG best practices, the Board has adopted a Board Diversity Policy to create and maintain an atmosphere of constructive challenge and debate, requiring a balance of skills, competence, experience and perspectives among Directors. Other factors considered include diversity in business experience, competencies, knowledge, skills, age, ethnicity and gender.

The Corporate Governance Committee affirms that the Board has the proper mix needed to effectively perform its responsibilities and uses a Board Matrix to monitor progress in achieving diversity objectives.

The measurable diversity objectives of the Board are as follows:

1. At least one (1) female independent director
2. At least 50% of Board members must have backgrounds or experience in:
 - a) Real Estate or Engineering
 - b) Business Administration or Management
 - c) Finance or Accounting

SM Prime has one (1) female Independent Director on the Board, and the company's Executive Director does not serve on any publicly listed company's board in the same capacity. The diversity objectives, as well as the attributes, expertise and affiliation stated in the Board Matrix, are well represented by the current Board of Directors.

BOARD COMPOSITION

Director's Name	Directorship	Age	Date First Elected	No. Years as Director	Expertise
Amando M. Tetangco, Jr.	Lead Independent	72	April 2021	4	Accounting, Audit and Control, AMLA, Banking, Corporate Governance, Economics, Finance, Healthcare, Transport and Logistics, Public Policy
J. Carlitos G. Cruz	Independent	64	April 2021	4	Accounting, Audit and Control, Banking, Energy, Finance, Risk Management, Tax
Darlene Marie B. Berberabe	Independent	56	April 2021	4	Corporate Governance, Education, Energy, Finance, Investment Banking, Labor, Law, Treasury, Real Estate
Henry T. Sy, Jr.	Non-Executive	71	April 1994	31	Real Estate, Sales, Marketing, Energy
Hans T. Sy	Non-Executive	69	April 1994	31	Real Estate, Banking, Engineering, Education
Herbert T. Sy	Non-Executive	68	April 1994	31	Real Estate, Banking, Operations, Retail
Jorge T. Mendiola	Non-Executive	65	December 2012	12	Real Estate, Operations, Retail
Jeffrey C. Lim	Executive	63	April 2016	9	Real Estate, Operations, Accounting

BOARD INDEPENDENCE

SM Prime's Board is composed of a majority of Non-Executive Directors (NED) and Independent Directors. The company has three (3) Independent Directors who possess all the necessary qualifications and none of the disqualifications to hold the position, along with four (4) Non-Executive Directors out of its eight (8) Board members. The Board appointed a Lead Independent Director to act as an intermediary between the Chairperson and other directors when necessary.

Mr. Amando M. Tetangco, Jr. serves as the Board's Lead Independent Director and Vice Chairperson to reinforce proper mechanisms for disclosure, protection of shareholder rights, equitable treatment of shareholders and Board and Management accountability in cases where Management has clear conflicts of interest. Directors with a material interest in any transaction with the company are expected to abstain from deliberations on the matter. No Independent Director has served for more than nine (9) years.

Non-Executive Directors of SM Prime meet with the External Auditor at least once annually without the presence of any management personnel or executives to verify that the external auditor had sufficient access to records and information for the audit of financial statements and to discuss issues raised by the audit

team. For 2024, the NED meeting was conducted on December 9, 2024.

NOMINATION AND ELECTION OF BOARD OF DIRECTORS

In accordance with SM Prime's By-Laws, MCG and company policies, any stockholder, including minority stockholders, may recommend or nominate a candidate for Board membership for consideration by the Corporate Governance Committee. Recommendations are sent to the committee through the Office of the Corporate Secretary. The committee then prepares the final list of candidates after reviewing qualifications and disqualifications based on corporate policies.

The Corporate Governance Committee may engage professional search firms or use other external sources to identify candidates. Furthermore, in line with SM Prime's Board Diversity Policy, no director or nominee shall be discriminated against based on age, ethnicity, culture, skills, competence, knowledge or gender.

The profiles of the nominated directors are provided in the Definitive Information Statement (DIS) or SEC Form 20-IS, which is distributed to shareholders and posted on the Company's website at least 28 days before the annual stockholders' meeting.

CORPORATE GOVERNANCE-RELATED POLICIES

Manual on Corporate Governance

On November 7, 2022, the company's Board approved amendments to the Manual on Corporate Governance, incorporating relevant sections of the Revised Corporation Code and various SEC issuances. The amendments cover Board and committee duties and responsibilities, permanent disqualifications of directors, external auditor rotation and shareholder rights.

These updates institutionalize good corporate governance by clearly defining the roles and responsibilities of the Board and Management, promoting disclosure and transparency, strengthening internal controls and risk management and fostering productive relationships with stakeholders.

All directors, officers and employees must comply with the provisions of the Revised Manual on Corporate Governance. The Compliance Officer is responsible for monitoring compliance and imposing penalties for noncompliance. As of this report, the company is fully compliant with the Manual and no deviation with the SEC's Code of Corporate Governance.

Code of Ethics

As outlined in SM Prime's Code of Ethics, the company's directors, officers and employees are committed to conducting business in accordance with the long-held values and ethical standards that have contributed to SM Prime's success. The Code of Ethics defines principles guiding directors, officers and employees in their duties, including interactions with investors, creditors, customers, contractors, suppliers, regulators and the general public.

SM Prime adheres to all applicable laws and regulations, including those related to financial reporting, fair trade and competition, environmental protection, data privacy, insider trading, non-discrimination, conflict of interest and corporate social responsibility.

ASEAN Corporate Governance Scorecard

To uphold its commitment to good corporate governance, SM Prime follows corporate governance practices aligned with the ASEAN Corporate Governance Scorecard (ACGS), incorporating principles set by the Organization for Economic Cooperation and Development (OECD).

The Institute of Corporate Directors, Inc. (ICD) and its ASEAN counterparts conduct their respective ACGS assessments, measuring performance in areas such as:

- Facilitating the rights and the equitable treatment of shareholders and different stakeholders;
- Ensuring transparency and accountability through timely disclosure of material information; and

- Board oversight of strategic direction, management monitoring and accountability of the Board to the company and the shareholders.

Integrated Annual Corporate Governance Report

The Integrated Annual Corporate Governance Report (I-ACGR) highlights SM Prime's corporate governance practices, policies and programs and provides detailed information on the Board of Directors and Management.

The report includes compliance with recommendations from the SEC's CG Code for Publicly Listed Companies (PLCs), PSE CG Guidelines for Listed Companies and best practices under the ASEAN Corporate Governance Scorecard. It is submitted annually to the SEC and is available on the Company's website and PSE EDGE (<https://edge.pse.com.ph/>).

Governance Policies and Practices

To complement the principles outlined in the Revised Manual on Corporate Governance and Code of Ethics, SM Prime has developed various policies and programs to ensure proper implementation in key areas.

These policies serve as a guide for matters involving the company's directors, officers and employees, including work performance, transactions with investors, creditors and dealings with employees, among others. SM Prime's policy commitments include various procedures and preventive measures to address concerns and incidents.

All directors, officers and employees are expected to abide by the company's Code of Ethics and its policies. For the year 2024, there were no reported incidents of non-compliance with the Conflict of Interest Policy.

POLICY/PRACTICE	BRIEF DESCRIPTION
Insider Trading Policy	<p>Directors, officers and employees are prohibited from trading SM Prime shares, five trading days before and two trading days after the disclosure of any material, stock price-sensitive information. SM Prime issues reminders of the trading ban to SM Prime Property Group including its directors, key officers and covered persons, before the release of financial reports or the disclosure of other material information to ensure compliance with the policy. Trading done by directors and officers are also reported within three business days of the transaction.</p>
Related Party Transactions (RPT)	<p>Full disclosure of the details, nature, extent and all other material information on transactions with related parties in the company's financial statements and quarterly and annual reports to the SEC and PSE shall be observed at all times. Details of material related party transactions entered into by the company are required to be reviewed by the Related Party Transactions Committee in accordance with the RPT Policy, to ensure these are conducted at arm's length. RPT Policy also adheres to the SEC Memorandum Circular on Rules on Material Related Party Transactions.</p>
Conflict of Interest	<p>All directors and employees are prohibited from engaging in transactions that result in conflicts of interest and are mandated to promptly disclose actual or perceived conflicts of interest, such as acceptance of gifts and entertainment, interest in businesses of suppliers, competitors or customers, participation in other organizations or activities, and close personal relationships in the company or its affiliates and subsidiaries.</p> <p>Based on the company's MCG, a director with a material interest in any transaction affecting the corporation shall abstain from taking part in the deliberations of the same. The Lead Independent Director's role is to provide leadership to the independent directors and advise the Board on matters where there may be an actual or perceived conflict of interest.</p>
Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy)	<p>SM Prime prohibits the solicitation or acceptance of gifts and travel in any form from a business partner, directly or indirectly, by any director, officer or employee of the company. The policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance. The company prohibits any form of bribery and corruption and advocates directors, officers and employees not to tolerate these dealings, whether direct or indirect.</p>

POLICY/PRACTICE**BRIEF DESCRIPTION**

Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy)

This aims to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Any director, officer, employee, customer, shareholder, vendor, supplier and other stakeholders may accomplish an incident report on suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable policy, law or regulation. The policy provides for a conduct of investigation of the incident report. The policy also includes provisions for non-retaliation against the filer of the incident report. Upon receipt of such report, Management conducts an investigation on its merit, subject to due process, and impose applicable penalties and sanctions thereafter.

Creditors' Rights

SM Prime shall respect agreements with creditors, manage loans according to lending objectives, ensure timely repayment of loans and interests, thoroughly honor loan conditions as agreed, and competently operate the business to assure creditors about the company's healthy financial standing and loan repayment capabilities.

Supplier Selection

SM Prime adheres to the principles of healthy competition, equal opportunity and fair treatment of business partners. As such, the selection of suppliers follows an open, competitive and non-discriminatory process. SM Prime implements a vendor enrolment process that screens qualifications of vendors/suppliers the company will deal with. Such qualifications include legality of entity or business, adequacy of financial strength, compliance with SM Prime policies such as conflict of interest disclosure requirements and ethical standards, and support to SM Prime's environmental missions, health and safety culture.

Guidelines on Placement of Advertisements

This prohibits the placement of advertisements in publications that solicit for such ad placement prior to the release of the official results of an awarding process conducted by the publication and where SM Prime or any of its subsidiaries, director, officer or employee is one of the nominees vying for the award. The company may consider placing advertisements in such publications as part of its overall marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to the company or to any of its subsidiaries, director, officer or employee.

Alternative Dispute Resolution System

The company establishes an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the company and the circumstances see fit.

POLICY/PRACTICE	BRIEF DESCRIPTION
Data Privacy	SM Prime collects, uses, protects or otherwise handles data subjects' personal data in accordance with Republic Act No. 10173, or the Data Privacy Act of 2012, and its Implementing Rules and Regulations and other issuances. A Board-appointed Data Protection Officer is tasked to oversee data privacy compliance and manage data protection risks consistent with applicable rules, regulations and issuances of the National Privacy Commission.
Non-Executive Directors' Meeting with External Auditor	Non-Executive directors shall have separate periodic meetings with the external auditor, and heads of internal audit, compliance, and risk management, without the presence of executive directors to ensure proper checks and balances are in place.
Notification of Directorship Prior Acceptance	SM Prime requires all directors to exercise due discretion in accepting and holding directorships outside of the company. As such, directors are required to notify the Board, through the Corporate Secretary, immediately upon receipt of invitation or nomination from a publicly listed company.
Third-Party Facilitated Board Evaluation	In line with the Company's efforts to improve Board performance and practice of good Corporate Governance principles, the Board is subject to an annual evaluation and facilitated by a third party every three years. This practice aims to address areas of improvement and monitoring of progress of recommendations.
Sustainability Reporting	The company espouses disclosure of material and reportable non-financial and sustainability matters, using a globally-recognized framework and in accordance with SEC rules. The report emphasizes the management of economic, environmental, social and governance issues of the business.
Succession Planning Policy	The policy provides for an effective Succession Planning program that addresses human resource requirements for mission critical positions, provides value to the company's employee development efforts and ensures stability and continuity of the company mission and goals through smooth organizational and operational transitioning.

COMMUNICATION AND COMPLIANCE

SM Prime understands that the continuous growth and development of a corporate governance culture relies on promoting awareness of the principles of good governance. As such, the company continues to strengthen its training and orientation programs.

Through the Human Resource Department's (HRD) orientation program, new employees are given an overview of SM Prime's Corporate Governance Framework, Code of Ethics and related policies, which are also accessible through an internal portal for employees' easy reference.

The program also emphasizes the importance of ethics in business, informs employees of their rights and obligations and promotes best practices in fostering good work ethics. In line with this, the HRD requires all employees to complete the three-part Corporate Governance course annually, which includes the following:

- Confirmation – Employees confirm that they have read, understood and agree to comply with the Company's Code of Ethics, Code of Conduct and Matrix of Violations, Insider Trading Policy, Conflict of Interest and Handling Policies and Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), Information Security Guidelines, among others.
- Handling Conflict of Interest Situations (E-Learning Course) – Employees familiarize themselves with the proper handling of actual or perceived conflict of interest situations.
- Disclosure Survey – Employees disclose their affiliations, interests, relationships and transactions relevant to the full disclosure of all actual, apparent or potential conflicts of interest.

The company's security personnel, including third-party security partners, undergo a 10-day training program covering topics on laws relevant to upholding human rights, including but not limited to:

- Legal aspects of the law on arrest, search and seizures (Revised Penal Code and Philippine Constitution)
- Law on handling Children in Conflict with the Law
- R.A. 9262: Anti-Violence Against Women and Their Children Act of 2004
- R.A. 11313: Safe Spaces Act

SM Prime remains committed to sustainable and responsible business practices across all stages of its operations, its policies and compliance with applicable laws and regulations.

There is no administrative case charging SM Prime for anti-competitive behavior, or for violation of anti-trust and monopoly laws. However, the company and certain business units are parties to lawsuits or claims that arise in the ordinary course of business. These lawsuits and claims are not substantial and have no material impact on the company's business, operations or financial condition.

DISCLOSURE AND TRANSPARENCY

SM Prime remains committed to providing its stockholders and the public with high standards of timely and accurate disclosures. The company ensures that its corporate disclosures are complete, accurate and submitted to regulators in a timely manner.

Information posted on the company's website is regularly reviewed to ensure accuracy and is kept up to date. The website has a separate Corporate Governance section that features the Revised Manual on Corporate Governance, Annual Corporate Governance Report and Scorecard, Code of Ethics and other relevant policies, programs and important information.

The company reports its quarterly and full-year financial results through the SEC, PSE and PDEX to provide shareholders, investors and the public with a balanced and well-informed assessment of its performance, position and prospects.

SM Prime recognizes its continuing disclosure obligations under the PSE Listing and Disclosure Rules and the SEC's Securities Regulation Code.

Moreover, in line with SM Prime's strong advocacy for good corporate governance, the company values regular communication with its investors. The Investor Relations Department is responsible for a proactive, uniform and transparent communication program through full disclosure in compliance with regulatory bodies. It serves as the primary communication channel between the company and its various stakeholders. Likewise, the Investor Relations Team conducts regular briefings and meetings with investors, analysts and the press to keep them updated on the company's projects, financial performance and operational results. The presentation materials used in these briefings, as well as the company's SEC and PSE reports, may be viewed and downloaded from the company website.

TRANSACTIONS OF DIRECTORS AND OFFICERS

SM Prime submits timely disclosures on the beneficial ownership of its directors and key officers to the SEC and PSE using SEC Form 23-B Statement of Changes in Beneficial Ownership of Securities, which is subsequently uploaded to the company website.

The company's Insider Trading Policy requires both directors and key officers to notify and report to the Compliance Officer all dealings in SMPH shares within three (3) business days from the date of trading. Further, all directors and key officers are required to certify annually that they have not violated the said policy.

THE ANNUAL STOCKHOLDERS' MEETING

The Annual Stockholders' Meeting (ASM) provides stockholders with the opportunity to raise concerns, give suggestions and vote on relevant issues. Voting methods are clearly defined and explained to stockholders before the ASM to ensure the observance of their voting rights and continued participation in the voting process. Stockholders are also entitled to cumulative voting in the election of the Board of Directors, as provided under Section 23 of the Revised Corporation Code.

The Annual Stockholders' Meeting on April 23, 2024, was conducted physically and broadcast via livestreaming, accessible to registered stockholders. The Board of Directors adopted resolutions allowing stockholders to participate in the ASM via remote communication and to exercise their right to vote *in absentia*. SM Prime maintains a secure online voting facility where registered stockholders can cast their votes in real time, allowing shareholders unable to attend physically to participate and vote.

The notice of meeting, along with other important information, was distributed through an alternative mode by publication in two (2) newspapers of general circulation in both print and online formats on March 18 and 19, 2024, providing sufficient and relevant information to encourage active stockholder participation.

The minutes of the ASM were posted on the company's website within 24 hours after the meeting's adjournment. These minutes include the matters discussed, resolutions reached, shareholder questions and corresponding responses, among others. To ensure that all stockholders' concerns are properly addressed, the Chairperson of the Board, Board of Directors, President, Board Committee Chairpersons and Members, Management, Corporate Secretary, Compliance Officer, Internal Auditor and External Auditors are present during the ASM.

RIGHTS, ROLES AND PROTECTION OF STAKEHOLDERS

The Revised Manual on Corporate Governance asserts stockholder rights and the protection of minority interests. It is the Board of Directors' duty to promote stockholder rights, remove impediments to the exercise of these rights and provide mechanisms for redress in cases of violations.

Rights of Shareholders

Voting Right. All stockholders are entitled to one (1) share, one (1) vote, except in the election of directors, where the cumulative voting system is followed. Stockholders, whether individual or institutional, are encouraged to personally attend the ASM to exercise their voting rights, allowing them to elect Board candidates and vote on matters requiring stockholder approval. Proxy voting is permitted and facilitated through proxy forms available on the company's website and distributed with the Notice of Meeting.

As authorized by the Board, stockholders may also vote through remote communication or *in absentia*. The company ensures that guidelines for participation and procedures for *in absentia* voting are clearly defined.

Right of Inspection. All stockholders have the right to inspect corporate books and records, including but not limited to minutes of Board meetings and stock registries, during reasonable hours on business days in accordance with the Revised Corporation Code of the Philippines. They are also entitled to receive copies of the company's Annual Report and financial statements at no cost or restriction.

Right to Information. Stockholders may request the company to provide periodic reports on its directors and officers, as well as matters for which Management is accountable. Minority shareholders may propose the holding of meetings or request the inclusion of items in the agenda, provided these are for legitimate business purposes and comply with legal and regulatory standards.

Right to Dividends. All stockholders have the right to receive dividends. The company follows a guideline of providing a sustainable dividend stream to shareholders. The Board determines the dividend payout considering operating results, cash flows, capital investment needs and debt servicing requirements. Dividends are paid within 30 days from the date of declaration.

Appraisal Right. Under Section 80 of the Revised Corporation Code of the Philippines, shareholders may exercise their appraisal right, which allows them to dissent

and demand payment of the fair value of their shares. Procedures for exercising this right are detailed in the Definitive Information Statement.

Employee Welfare

All officers and employees are selected, engaged and compensated based on their qualifications and performance. Employees are treated fairly and with respect and dignity. SM Prime ensures that individual and collective rights are upheld and provides a safe, productive and conducive workplace, complying with all applicable health, safety and environmental laws to protect employees' well-being.

Opportunities for career advancement are based on clear performance and qualification criteria, ensuring equal opportunity for employees to develop and achieve their full potential.

Business Continuity

SM Prime ensures that risk management and control structures are in place to protect its workforce, operations and customers from emergencies and disasters. The Business Continuity Management System (BCMS) provides a framework for identifying potential business threats, assessing their impact and implementing appropriate controls.

The BCMS aims to protect the company's reputation, commitments and critical business functions by ensuring continuity with greater speed, skill and confidence.

Training and Employee Development

Employees are provided with a wide range of learning and development opportunities designed to align with the company's business objectives. These programs enhance employees' skills and capabilities, preparing them for higher responsibilities and leadership roles within the organization.

The training framework includes programs on:

- Professional growth
- Soft skills development
- Leadership training
- Functional skills enhancement
- Compliance, Code of Ethics and Conflict of Interest policies

For any governance-related issues or concerns, stakeholders may refer to:

Ms. Joana B. Tiangco

Assistant Vice President – Enterprise Risk Management and Corporate Governance

7/F MOA Square, Seashell Lane corner Coral Way
Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, 1300
Pasay City, Metro Manila, Philippines

E: corpgovernance@smprime.com

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It's an exciting time to be part of SM as it modernizes and institutionalizes, with a bright future in sustainable growth and new markets.

Being in a leadership role, I tell my younger female teammates to love what you do, stay curious, and trust that your contributions make a difference.

NICA

ENTERPRISE RISK MANAGEMENT

SM Prime operates in a dynamic landscape. As the company continues to grow, the array of threats and risks it faces also evolves. Thus, it recognizes that an effective risk management plays a crucial role in balancing the risks and rewards of its business undertakings.

Risk management at SM Prime goes beyond minimizing negative impacts. It also focuses on enabling informed decision-making and creating opportunities for sustainable growth. The company believes that by systematically identifying and managing risks, it can better navigate uncertainties and capitalize on opportunities.

RISK MANAGEMENT STRUCTURE

SM Prime's risk governance structure is built on the principle of shared responsibility. It ensures that risk management is embedded at all levels and that roles and responsibilities are clearly defined.

The Board Risk Oversight Committee (ROC) is at the helm of the structure. ROC establishes the “tone at the top” and provides active oversight over the enterprise risk management system and on matters relating to risk strategy, policies and governance.

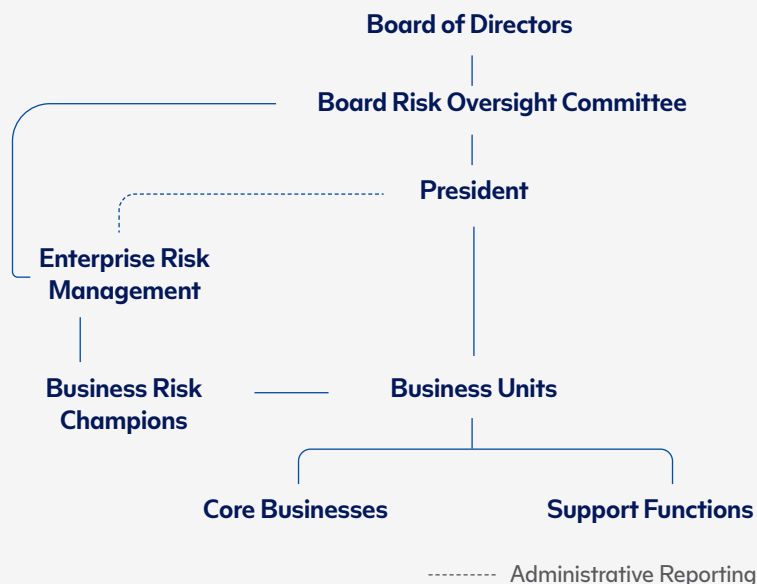
The Enterprise Risk Management (ERM) Unit champions the company's risk management initiatives, ensuring risk management process is consistently implemented at enterprise and business unit levels. Its key responsibilities include developing risk policies, providing risk advisories and consultations, conducting ERM-related training, establishing active communication to boost risk awareness, as well as monitoring and reporting key risks.

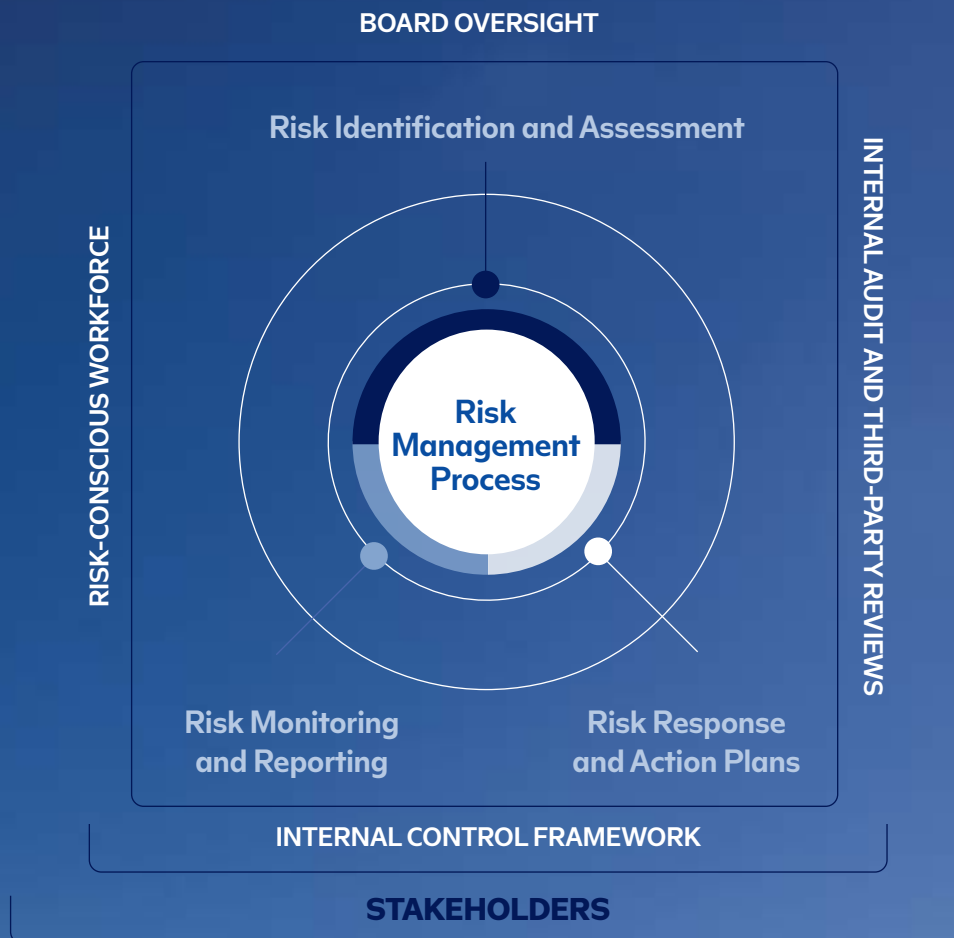
Business Risk Champions (BRCs) work closely with the ERM team to support

the implementation of risk management programs and initiatives. BRCs are empowered and trained to help their respective units identify and manage risks. They act as the liaison between the ERM Unit and their respective Business Units so that risk-related information flows smoothly and that risk responses are aligned with the overall risk strategy.

The Business Unit's frontliners and process owners serve as the first line of defense in risk management. Their primary responsibility is to ensure that risks are properly managed as they execute daily operations and engage in risk-taking activities.

SM PRIME RISK MANAGEMENT STRUCTURE



ENTERPRISE RISK MANAGEMENT FRAMEWORK

ENTERPRISE RISK MANAGEMENT FRAMEWORK

SM Prime understands the importance of a solid foundation in managing risks. Its Enterprise Risk Management Framework encompasses key elements that support the company's strategic goals while ensuring alignment with its overall mission and vision. These elements include active oversight by the Board, comprehensive independent audits and third-party reviews, a robust internal control framework, a risk-conscious workforce, and—at its core—an effective risk management process.

BOARD OVERSIGHT

Strong risk governance drives the successful implementation of an ERM Framework, with the Board, through its Risk Oversight Committee, playing a key role in the process. The ROC exercises active oversight over the enterprise risk management system, including programs and activities designed to support the Framework's implementation.

ROC receives regular updates on the status of risk management initiatives and approves related policies, procedures and strategies. The committee is also engaged in proactively managing emerging risks by being constantly informed of the key risks facing the business and the action plans developed to address them. Supporting the ROC is the Chief Risk Officer (CRO), head of ERM, who is primarily responsible for executing the ERM program.

RISK-CONSCIOUS WORKFORCE

SM Prime is committed to cultivating a risk-conscious workforce. Ensuring that every employee understands his/her role in identifying, assessing and mitigating risks is essential for fostering a proactive risk management culture. To achieve this, the company adopts the three lines of defense model: Business Units' frontliners as risk owners, serve as the first line of defense followed by the ERM and Compliance at the second line, which provide oversight, guidance and support to strengthen

risk management practices. The third line of defense is the Internal Audit, which offers independent assurance by evaluating the effectiveness of risk management processes and controls.

INDEPENDENT AUDIT AND THIRD-PARTY REVIEWS

Independent audits and third-party reviews are essential for ensuring that the ERM framework operates as intended and that risks are managed effectively. The Internal Audit Group provides independent and objective assurance on governance, risk management and internal controls. The Group, headed by the Chief Audit Executive (CAE), functionally reports to the Audit Committee of the Board.

Additionally, the company engages external auditors to perform an independent audit, providing reasonable and objective assurance on the fairness and presentation of its financial statements and on other critical areas. To maintain objectivity, the external audit partner is rotated periodically, and non-audit services are carefully managed to prevent conflicts with its audit function. SM Prime's non-executive directors meet with the external auditor at least annually, without management present, to ensure full access to records and discuss any significant concerns requiring their attention.

INTERNAL CONTROL FRAMEWORK

SM Prime's internal control system, derived from the COSO Internal Control Framework, consists of five interrelated components—control environment, risk assessment, control activities, information and communication, and monitoring—that work together to effectively manage risks.

The control environment has been established by its leaders, and is demonstrated by the design of policies and procedures aimed to uphold competence, innovation and accountability. Ongoing risk assessments, guided by the enterprise risk management, ensure that controls are commensurate to the risks present.

Control activities are embedded in all processes. This ensures that risks are properly mitigated and maintained within acceptable levels. Consistent updates are disseminated across the organization to establish clear information and communication, making certain that people across all levels receive clear message from the management, and control responsibilities are taken seriously. Moreover, monitoring mechanisms are in place to review and assess quality of performance over time and drive continuous improvement.

The company ensures its internal controls remain dynamic, adapting to evolving strategies, objectives and trends to support long-term growth and sustainability.

RISK MANAGEMENT PROCESS

At the core of this framework is the continuous and consistent conduct of risk management process,



which involves identifying, assessing and prioritizing risks based on their impact and likelihood, while understanding their sources and interrelationships.

Once risks are identified, appropriate response strategies are developed based on the company's risk appetite. These strategies include accepting the risk if deemed manageable, mitigating the risk by reducing its likelihood or impact, transferring the risk to a third party, or avoiding the risk entirely. The Risk and Control Self-Assessment (RCSA) operationalizes this process, enabling Business Units to assess and address risks at the operational level.

To ensure risk management strategies remain effective, ongoing monitoring and reporting are conducted through continual improvement of the risk management process, regular management reviews, Board updates and the use of metrics like Key Risk Indicators to track changes in risk profile.

KEY ENTERPRISE RISKS

SM Prime continuously evaluates its exposure to various risks. Currently, the following have been identified as its key risks:

1. Reputational Risk

A company's reputation is one of its most valuable assets, and SM Prime recognizes that any adverse event—whether related to governance, product/service delivery, business practices, legal and regulatory compliance or stakeholder relations—can lead to eroding image, public trust, customer loyalty and investor confidence. The interconnected nature of reputational risk makes it particularly critical, as it can be triggered by other risks, such as compliance breaches or operational failures.

SM Prime has employed a multi-faceted approach to managing this risk which includes proactive media relations, a comprehensive crisis management plan to address reputation-related events, regular stakeholder engagement to manage expectations and perceptions, and a robust compliance system to ensure adherence to laws, regulations and internal policies.

2. Information Security and Technology Risk

As the company increasingly relies on digital infrastructure and accelerates its digitalization efforts, the associated risks from cyber threats, data breaches and system vulnerabilities have become more pronounced. To address these risks, it has established a comprehensive Information Technology (IT) risk management system, incorporating appropriate controls and best practices in key areas such as IT governance, access management, IT security, backup procedures, continuity planning and incident management, among others.

Periodic risk assessments are performed to identify

potential threats to assets, evaluate vulnerabilities and assess risks across key domains such as networks, operating systems, applications and databases. To further strengthen its security posture, the company regularly performs system vulnerability assessments and penetration testing (VAPT) and security controls assessment by third party.

In terms of cybersecurity, SM Prime has adopted globally recognized standards to implement cybersecurity strategies within the organization. A Security Operations Center (SOC) is in place to monitor, prevent, detect, investigate and respond to cyber threats that could potentially impact the organization.

The company also places significant emphasis on managing third-party and outsourcing risks associated with externally sourced systems and applications. Third-party vendors undergo a rigorous selection and evaluation process to ensure that only reliable and reputable partners are engaged. Stringent security requirements are enforced to guarantee the protection of Company assets.

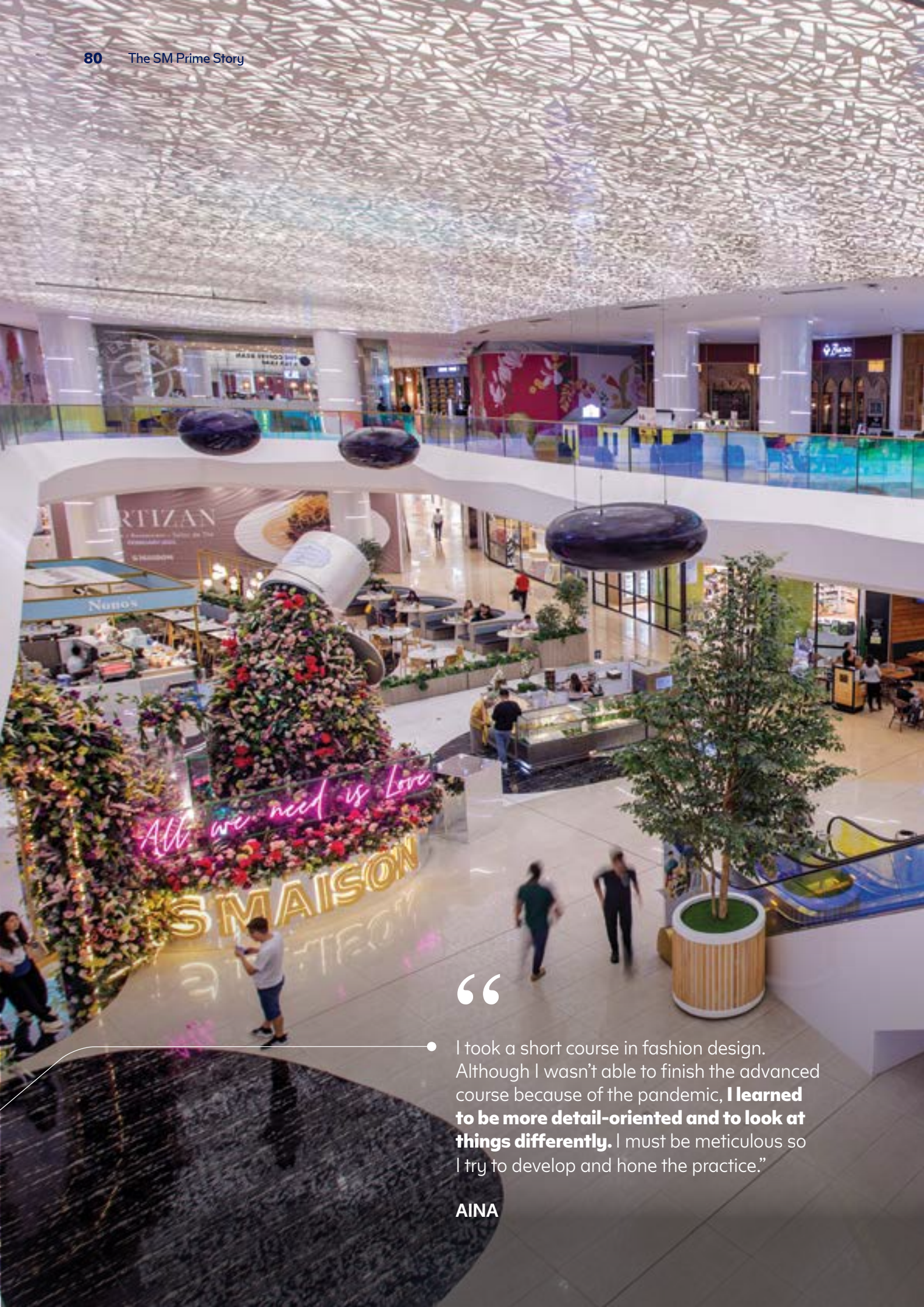
Furthermore, the company actively promotes information security awareness through organization-wide campaigns across various communication channels to educate employees on how to safeguard information and assets effectively.

3. Financial Risk

SM Prime effectively manages a wide range of financial risks, including credit, interest rate, foreign currency, liquidity and market risks, through a robust set of policies and strategies designed to maintain financial stability.

Credit risk is managed by evaluating the financial health of customers and setting credit limits to minimize defaults and delayed payments. To mitigate interest rate and foreign exchange risks, the company maintains a mix of fixed and floating rate loans and utilizes derivative financial instruments such as cross-currency swaps, principal-only swaps, non-deliverable forwards (NDFs) and interest rate swaps to minimize the risks associated with currency and interest rate volatility.

In managing liquidity risk, the company consistently monitors both its actual and projected cash flows and continuously evaluates financial market conditions to identify opportunities for securing funds through various means, including bank loans, debt capital and equity market offerings. To address market risks, SM Prime diversifies its target markets, reducing reliance on a single segment and fostering strong relationships with local and national bodies to navigate policy changes. Inflationary pressures are mitigated through proactive cost management strategies, including weekly construction reviews, exploring new materials and technologies, physical



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- I took a short course in fashion design. Although I wasn't able to finish the advanced course because of the pandemic, **I learned to be more detail-oriented and to look at things differently.** I must be meticulous so I try to develop and hone the practice.”

AINA

hedging for key materials and maintaining contingency allowances.

4. Legal and Compliance Risk

Non-compliance with regulations and evolving laws poses significant risks to the company. To mitigate these, the Legal and Compliance teams collaborate closely with Business Units to ensure strict adherence to regulatory requirements and legal standards. The Legal team safeguards the company's interests by thoroughly reviewing contracts, ensuring compliance with zoning laws, land use policies and environmental regulations, and managing dispute resolution and litigation risks.

Recognizing the complexity of regulatory environments, a dedicated Compliance Program has been established to actively monitor, assess and mitigate regulatory and compliance risks. The Compliance Function is primarily managed by the Compliance Office, with oversight provided by the Chief Compliance Officer (CCO).

The company enforces compliance through self-regulation within Business Units, complemented with regular independent reviews conducted by the Compliance Office and Internal Audit. This ensures that compliance is embedded into daily operations and aligns with industry best practices.

The Corporate Compliance Group (CCG) facilitates compliance awareness and ensures updated legal and regulatory information is readily accessible. Regular meetings are held to assess the impact of new regulations, determine the necessary compliance measures and ensure prompt action. Additionally, CCG maintains a monitoring database to track compliance activities and fosters strong relationships with regulators. This continuous engagement ensures that the company remains responsive to regulatory changes and new compliance requirements.

As a covered entity under the Anti-Money Laundering Act (AMLA), SM Prime has a Board-approved Money Laundering and Terrorist Financing Prevention Program (MTPP) in place. In 2024, SM Property Group conducted a comprehensive 3-day refresher training on Anti-Money Laundering (AML) and Counter-Terrorism Proliferation Financing (CTPF). The training aimed to reinforce the importance of AML and CTPF measures, ensuring that all participants are well-equipped to conduct customer due diligence, identify and report suspicious activities, and adhere to compliance procedures.

In addition to AMLA compliance, SM Prime is equally committed to protecting personal data and ensuring compliance with data privacy laws. The Company has established a comprehensive Data Privacy Program that includes policies, organizational structures, access controls and technologies designed to mitigate data privacy risks. As part of this program, Privacy Impact

Assessments (PIAs) are conducted to identify potential risks in personal data processing and implement appropriate controls.

The Board-appointed Data Protection Officer (DPO) oversees the program to ensure compliance with the Data Privacy Act, National Privacy Commission (NPC) guidelines and other relevant legislations. Furthermore, the company runs an ongoing Data Privacy Awareness campaign through various communication channels, equipping employees with best practices to safeguard data and uphold privacy standards.

5. Environmental, Social and Governance (ESG) and Climate Risk

With an increasing focus on sustainability, SM Prime is steadfast in its commitment to managing its environmental footprint, ensuring compliance with social responsibilities and upholding the highest standards of corporate governance.

To reduce its environmental impact, SM Prime focuses on managing resource consumption, waste generation and emissions. The company has set clear goals for energy efficiency, waste reduction and the adoption of sustainable technologies. This includes optimizing energy use across its facilities, shifting electricity demand to renewable sources and implementing initiatives to minimize waste and carbon emissions.

In 2024, SM Prime was recognized by the Department of Energy (DOE) for its resource conservation and renewable energy initiatives, including the use of energy-efficient fixtures and equipment such as the Light-Emitting Diode (LED) lighting, building insulations and installation of solar photovoltaic system capable of generating 44-megawatts (MW) of combined peak energy.

In the social realm, SM Prime prioritizes the well-being of its employees, customers and communities. The company supports diversity, inclusion and community development programs, ensuring that its operations contribute positively to society. The company also strives to improve stakeholder relations through transparency, ethical business practices and a strong focus on customer satisfaction and engagement.

In terms of governance, SM Prime upholds the highest standards of corporate ethics, compliance and accountability. The company regularly reviews its governance policies to align with evolving regulatory requirements and best practices.

SM Prime is also firm in joining the fight against climate change. The company integrates climate risk into its strategies and operations through investing in disaster-resilient and green infrastructures, allocating capital for sustainable design and supporting disaster risk reduction initiatives. It also assesses vulnerabilities related to extreme weather events, resource scarcity and regulatory changes.

6. Operational Risk

Operational risk remains one of the most significant exposures for SM Prime, primarily arising from its day-to-day operations. These risks can stem from human errors, process breakdowns, system failures or external disruptions. Due to its broad scope, operational risk spans critical areas such as safety and security, process execution and business continuity. The company is committed to effectively managing and mitigating these risks to ensure operational resilience.

Safety and Security Risk. SM Prime places utmost priority on the safety and security of its employees and stakeholders. All Business Units have established Emergency Response Procedures and conduct regular training to ensure staff emergency preparedness.

Aside from regular internal audits conducted by the Customer Relations Services (CRS) team, the company engages security consultancy providers to assess the effectiveness and efficiency of security measures implemented in critical areas like malls. The audit covers various aspects, including physical security, communication systems, documentation, personnel safety, security equipment adequacy and emergency response capabilities. This provides assurance that security weaknesses or gaps are identified and addressed accordingly.

The company has also instituted several programs in support of its workplace health and safety advocacy. Employees undergo annual physical exams and are encouraged to participate in health and wellness activities. In addition to in-house medical staff, SM Emergency Response Team (SMERT), a group of trained first-aiders, is available to assist employees and the public during emergencies. Furthermore, SM Prime regularly participates in fire safety and earthquake drills organized by government agencies.

Process Execution Risk. Operational efficiency is vital to maintaining business continuity. The Business Process Management Team continuously reviews and enhances business processes and drives the creation of value-adding tools to further improve operational performance.

The company ensures that clear policies are established and institutionalized to guide best practices across all units. Regular memoranda are issued to communicate policy updates, reinforce expectations and address any ambiguities. Additionally, process improvements are implemented by the Business Units through automation systems and centralized portals aimed to streamline workflows, improve efficiency and quality of outputs.

Property Damage and Business Disruption Risk. The company has developed a comprehensive Business Continuity Plan (BCP), which includes regular drills and process optimization initiatives designed to minimize disruptions. This plan ensures that the company is well-prepared to continue operations during unexpected incidents to protect both the company's assets and the interests of its stakeholders.

To manage risks related to property damage and business interruptions, SM Prime maintains various insurance coverages for its properties and operations. The coverages include protection against natural disasters and manmade events. The company partners with reputable insurance brokers and accredited insurance companies to ensure adequate coverage that aligns with industry standards and regulatory requirements.

A key component of SM Prime's operational resilience is its Business Continuity Management System (BCMS). The BCMS focuses on two critical areas: (1) preventing property damage that could lead to business disruptions; and (2) ensuring the company's operations team is equipped to manage and recover from any disruption to maintain continuity of critical functions.

The company has been systematically rolling out the BCMS across its malls to ensure it meets the highest standards of business continuity. In 2024, seventy-nine (79) malls were BCMS-certified, and the company expects to certify a total of eighty-three (83) malls by the end of 2025. The ISO 22301:2019 (BCMS) certification, which the malls undergo annually, ensures compliance with internationally recognized standards for business continuity, assessed by the third-party auditor, TÜV SÜD PSB Philippines.



RESILIENT AND READY

SM City Iloilo's Crisis Response in Action

2024 marks a significant milestone for SM Supermalls—a decade of unwavering commitment to excellence in crisis management. Over the past ten years, the implementation of the Business Continuity Management System (BCMS) has been a key pillar of operational resilience, enabling malls to effectively manage crises, minimize downtime and protect against financial losses, property damage and stakeholder concerns.

The value of BCMS is undeniable, especially given the unpredictable risks that can impact mall operations from natural disasters to fires and other emergencies. A powerful example of its effectiveness came in early 2024 when a massive power outage disrupted Western Visayas for four days. The blackout, triggered by the failure of major coal-fired power plants, affected multiple provinces and cities connected to the Panay Grid including SM City Iloilo (SMCI), the largest mall in the region.

Despite a 28-hour power disruption, SMCI's swift and strategic response highlighted the strength of its crisis management protocols. Preparedness played a crucial role as recurring power outages have long been a challenge on Panay Island. Drawing from past experiences, SMCI's BCMS was well-equipped to handle the crisis, allowing its team to manage

the situation confidently and minimize operational disruptions.

Strategic Crisis Response in Action

During the outage, key strategies were deployed to maintain essential operations:

- **Optimizing Power Consumption.** The team reduced energy use by cutting down on chiller units and alternated diesel generator use to prevent overheating.
- **Securing a Reliable Fuel Supply.** Anticipating possible shortages, the team sourced an alternative fuel supplier and placed early orders, ensuring fuel levels remained consistently above the required threshold.

Thanks to these well-coordinated efforts, SM City Iloilo remained operational, providing essential services and offering electricity to the community during the blackout. This successful crisis response reinforced the importance of a robust BCMS and demonstrated the mall's unwavering commitment to its customers and the community—living up to its promise that “You are always welcome here.”





A DECADE OF BCMS EXCELLENCE

STRENGTHENING INCIDENT MANAGEMENT AT SM

Our resilience journey is built on a promise—to stand firm in the face of challenges, to adapt and innovate, and to ensure that SM Supermalls remains a trusted pillar of stability for years to come.

2024 marks a significant milestone—ten years of unwavering commitment to business continuity and incident management at SM Prime.

Through strategic planning and execution, our BCMS has strengthened our ability to withstand disruptions, minimize downtime, and support tenants, customers and employees. Key initiatives include:

Ensuring Business Continuity

Rapid activation of contingency solutions, including backup power sources such as diesel generators, security and maintenance workforce augmentation and alternative leasable spaces to sustain tenant operations.

Minimizing Operational Downtime

Effective crisis management strategies that prevent financial losses, mitigate property damage and maintain tenant and customer confidence.

Adapting to Unpredictable Risks

Proactive risk anticipation, response and recovery from natural disasters, infrastructure failures and emerging threats.



CELEBRATING 10 YEARS OF RESILIENCE: BCMS SIGNIFICANT MILESTONES

2015 – 2017

BCMS establishment and
ISO 22301 certification
in flagship malls

2020 – 2022

Incorporation of adaptive measures
during COVID-19; 90% of operating
malls were ISO 22301 BCMS Certified

2018 – 2019

Full integration of BCMS
into operations

2023 – 2024

Advancing BCMS with strategic
resilience, scenario testing and
data-driven planning

2015–2017

Establishing BCMS and ISO Certification

SM Supermalls laid the foundation for its Business Continuity Management System (BCMS), embedding risk management and business continuity planning into mall operations. This period also marked a major achievement: ISO 22301 certification through TÜV SÜD PSB Singapore, with its flagship malls - SM Mall of Asia, SM Megamall, SM North EDSA, SM Aura Premier and SM Southmall - leading the way.

2018–2019

Strengthening Business Continuity for Key Stakeholders

BCMS became fully integrated into operations, ensuring that business continuity planning aligns with real-world business needs. The focus shifted toward the lessor-lessee-service provider relationship, developing resilient contractual frameworks and recovery strategies that create long-term value for both SM Prime and its partners.

2020–2022

Reshaping Business Continuity Amid Crisis

The COVID-19 pandemic reshaped the way SM Prime approached business continuity, going beyond operational recovery to support tenants, lessees and service providers. SM Prime introduced flexible recovery measures to help business partners navigate disruptions, rebuild operations and ensure continued access to essential goods and services for communities.

2023–2024

Elevating BCMS as a Strategic Advantage

As SM Prime expands its footprint, BCMS continues to evolve, ensuring resilience, adaptability and business continuity excellence across all developments. The program now incorporates real-world scenario testing, streamlined planning processes and data-driven performance tracking to proactively anticipate disruptions and strengthen stakeholder collaboration.

BOARD OF DIRECTORS

HENRY T. SY, JR.
Chairperson



JORGE T. MENDIOLA
Non-Executive Director

HANS T. SY
Non-Executive Director



JEFFREY C. LIM
Executive Director and President

DARLENE MARIE B. BERBERABE
Independent Director



AMANDO M. TETANGCO, JR.
Vice Chairperson and Lead Independent Director

HERBERT T. SY
Non-Executive Director



J. CARLITOS G. CRUZ
Independent Director

HENRY T. SY, JR.

Chairperson

Henry T. Sy, Jr. has been a director of SM Prime since 1994. He was appointed as Chairperson of the Board in 2014. He is responsible for the real estate acquisitions and development activities of the SM Group, which include the identification, evaluation and negotiation for potential sites, as well as the input of design ideas. He is currently the Vice Chairman of SM Investments Corporation, Chair and Chief Executive Officer of SM Development Corporation, Vice Chairman of The National Grid Corporation of the Philippines and Chairman of the Board of Synergy Grid & Development Phils., Inc. He holds a Bachelor's Degree in Management from De La Salle University.

AMANDO M. TETANGCO, JR.Vice Chairperson and
Lead Independent Director

Amando M. Tetangco, Jr. was elected as Vice Chairperson and Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently the Chairman of SM Investments Corporation, an Independent Director of Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorships in Manila Hotel and Toyota Motor Philippines. He is also a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity. He is also a member of the international advisory board of the Graduate Institute for Policy Studies in Tokyo, Japan and the Asia School of Business in Kuala Lumpur, Malaysia.

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served for two consecutive 6-year terms from July 2005 to July 2017. He was a career central banker for over four decades, having joined the Central Bank of the Philippines on 25 March 1974. During his term as Governor, he held other government positions, such as the Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International Convention Center. He was also Vice-Chair of the Agriculture Credit Policy Council; and a member of the Capital Markets Development Council and the Export Development Council. Prior to his first appointment as Governor in 2005, he was Deputy Governor in charge of the Banking Services Sector, Economic Research and Treasury of the BSP. He also was the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. Before joining the Central Bank, he worked at the Management Services Division of SGV and Co. in 1973-74.

Overseas, he was the country's representative to the ASEAN Central Bank Forum; the Executives' Meeting of East Asia and Pacific Central Banks; the South East Asia

Central Banks; the South East Asia, New Zealand and Australia; and the Center for Latin American Monetary Studies. He was the Governor for the Philippines at the International Monetary Fund and the Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he was Chair of the Meeting of Small Open Economies. He also chaired various international committees -- the BIS Asian Consultative Council; the Financial Stability Board Regional Consultative Group for Asia; and the Alliance for Financial Inclusion Steering Committee.

He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognition by a number of international organizations as one of the best central bank governors and chosen as MAP Management Man of the Year in 2015. He was conferred the Honorary Degree of Doctorate in Management by the Asian Institute Management in 2023.

Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (cum laude), and obtained his Masters in Public Policy and Administration (Development Economics) from the University of Wisconsin at Madison, Wisconsin, USA, as a BSP scholar. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance.

J. CARLITOS G. CRUZ

Independent Director

Mr. J. Carlitos G. Cruz was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently an independent director of Transnational Diversified Group, Inc., Federal Land, Inc., Asialink Finance Corporation and related companies namely Global Dominion Financing Incorporated, South Asialink Finance Corporation, Global Cebuana Finance Inc., Cebuana Cycle Financing, Inc., AFC SME Finance Inc., Global SME Loans, Inc., Wisefund Finance Corp., Cycle Financing Corp., Surecycle Financing Corp., Cepat Kredit Financing, Inc., Forbes Lending Solutions Corporation and Annapolis Finance, Inc. and MarcoPay and its subsidiaries such as MCP Finance, Inc. and MCP Insurance Management and Agency, Inc., and an independent trustee of the MPIC Beneficial Trust Fund. He is also an independent director of Vivant Corporation which is a listed company. He is also a member of the Makati Business Club, Inc. and Management Association of the Philippines. Mr. Cruz joined SGV and Co. (EY Philippines) in 1981 and was admitted to the partnership in 1995. He was later on appointed Chairman and Managing Partner in 2017 until 2019. Concurrent with his role as SGV Chairman and Managing Partner, he was also Chairman and President of the SGV Foundation. He also became President of Association of Certified Public Accountants

in Public Practice (ACPAPP) in 2017, and in 2018, assumed the presidency of the ACPAPP Foundation. Mr. Cruz has also been active in supporting the Government's efforts to promote business and trade by participating in Presidential business delegations to various countries, including Thailand during the terms of President Joseph Estrada, President Cory Aquino and President Rodrigo Duterte; Europe and Japan during the term of President Benigno Aquino III; and Russia during the term of President Rodrigo Duterte. Mr. Cruz graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree and is a Certified Public Accountant (CPA). He completed the Advanced Management Program of the Harvard Business School in 2007. He has been conferred with numerous awards, including the "Parangal San Mateo" from the Philippine Institute of Certified Public Accountants. The award is the highest honor given to a CPA in honor of his significant contributions to the accountancy profession. He was also conferred by the Philippine Regulatory Board of Accountancy as a recipient of the Accounting Centenary Award of Excellence given to the 100 most notable CPAs in Philippine Accounting history.

DARLENE MARIE B. BERBERABE

Independent Director

Atty. Darlene Marie B. Berberabe was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. She is a lawyer, management consultant, and academic. She is the Dean of the UP College of Law and holds directorates in Joy-Nostalgy Solaris Inc., Palm Concepcion Power Corporation, PA Alvarez, Katapult Digital and UnionDigital Bank. She is also a faculty member of the Philippine Judicial Academy. She is also elected to the Board of Trustees of The Outstanding Women in Nation Service, Philippine Heart Association and UP Law Alumni Foundation. She was an associate lawyer in Quisumbing Torres Law Firm with specialization on labor law. Post law firm, she joined Procter & Gamble Philippines where she was a Senior Counsel and member of the Leadership Team. In 2010, she was appointed by the President of the Republic of the Philippines as the CEO of Pag-IBIG Fund. She was a recipient of a number of awards including Outstanding CEO in Asia by the ADFIAP, Outstanding CEO in the public sector by Asia CEO, one of the The Outstanding Women in Nation Service in 2013, and one of the 100 Most Influential Filipino Women in 2014. She graduated with a degree in Philosophy from UP, summa cum laude and class valedictorian of the College of Social Sciences and Philosophy in 1989. She was the first female Philosophy instructor in the same school where she taught for 10 years, and has a Masters in Philosophy. She was a working student and graduated salutatorian of her class in UP Law in 1999.

JEFFREY C. LIM

Executive Director and President

Mr. Jeffrey C. Lim was appointed President of SM Prime in October 2016 and has been reappointed since then. He is a member of the Company's Executive Committee. He was elected to the Board of Directors of SM Prime in April 2016. He concurrently holds various board and executive positions in other SMPH's subsidiaries. He is a Certified Public Accountant and holds a Bachelor's degree in Accounting from the University of the East. Prior to joining the Company in 1994, he worked for a multi-national company and for SGV & Co.

HANS T. SY

Non-Executive Director

Mr. Hans T. Sy is the Chairman of the Executive Committee of SM Prime and has been a Director of the Company since 1994. He previously held the position of President of SM Prime until September 2016. He also held key positions in several companies engaged in banking, real estate development, mall operations, as well as leisure and entertainment. He is currently Adviser to the Board of SM Investments Corporation, Chairman of China Banking Corporation, and Chairman of National University. Mr. Sy holds a B.S. Mechanical Engineering degree from De La Salle University.

HERBERT T. SY

Non-Executive Director

Mr. Herbert T. Sy has been a director of the SM Prime since 1994. He is also an Adviser to the Board of SM Investments Corporation and is currently the Chairman of Supervalu Inc., Super Shopping Market Inc. and Sanford Marketing Corporation and Director of Alfamart Trading Philippines Inc. and China Banking Corporation. He also sits in the Board of several companies within the SM Group and has worked with SM companies engaged in food retail for more than 35 years. He is likewise actively involved in the SM Group's Supermarket Operations, which include acquisition, evaluation and negotiation for potential sites. He holds a Bachelor's degree in Management from De La Salle University.

JORGE T. MENDIOLA

Non-Executive Director

Mr. Jorge T. Mendiola has been a director of SM Prime since 2012. He is also currently a Director of SM Retail, Inc. He started his career with The SM Store as a Special Assistant to the Senior Branch Manager in 1989 and rose to become its President in 2011, a position he held for four (4) years. He is also currently one of the Directors of the Philippine Retailers Association. He received his Master's degree in Business Management from the Asian Institute of Management. He holds an A.B. Economics degree from Ateneo de Manila University.





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INTEGRATED APPROACH TO VALUE CREATION AND MATERIALITY

MATERIALITY APPROACH

SM Prime's materiality assessments use a multi-stakeholder approach, evaluating internal and external factors that significantly influence our business and stakeholders. These findings shape our strategy and guide medium- to long-term plans.

To maintain accountability, we continuously refine our materiality process, integrating evolving sustainability standards and best practices. Our recent reports align with IFRS S1 and IFRS S2 and adopt the double materiality approach, which evaluates both financial materiality (how sustainability risks and opportunities affect financial performance) and impact materiality (how the company's operations and value chain impact the economy, environment and society).

Three-Step Materiality Approach

Recognizing the fast-changing landscape of ESG disclosure, SM Prime has developed a three-step approach to ensure sustainability reporting is robust, globally aligned and industry-specific. This approach underscores the company's dedication to sustainability, leadership and proactive climate action.

Materiality Matrix: Aligning Value Creation with Sustainability Goals

SM Prime uses a Materiality Matrix to identify and prioritize sustainability topics that are important to our stakeholders and our business. This matrix helps us focus on areas where we can make the greatest positive impact and mitigate potential risks.

Step 1

Regulatory Compliance

SM Prime adheres to sustainability mandates set by the Philippines Securities and Exchange Commission (SEC) and other national regulating bodies. This ensures compliance with basic requirements and establishes a foundation for broader assessments.

Step 2

Global Alignment

Beyond local regulations, SM Prime aligns with global sustainability frameworks relevant to real estate, including:

GRESB

ESB assessment for real estate portfolios and assets.

IFRS S1 and S2

Standards for integrating sustainability and climate-related financial disclosures.

GRI

Widely recognized for stakeholder-focused sustainability reporting.

These frameworks improve compatibility, strengthen investor confidence and enhance global relevance.

Step 3

Voluntary Commitments

SM Prime integrates its strategy with voluntary commitments and global sustainability objectives such as:

SBTi

Aligning climate targets with scientific recommendations for limiting global warming.

UN SDGs

Embedding sustainability into socio-economic and environmental priorities.

We recognize that our properties are part of an interconnected system of buildings, the natural environment and human well-being. We strive to minimize our negative impacts and create positive outcomes for both people and the planet.

We believe businesses have a responsibility to lead in developing sustainable solutions. By prioritizing energy efficiency and reducing our reliance on fossil fuels, we can mitigate climate-related risks and seize new opportunities. This approach fosters long-term prosperity and builds more resilient communities.

SUSTAINABILITY AMBITION ROADMAP

Shared Prosperity for All

Focus Areas	Strategic Pillars	Impact		
		People	Projects	Places
Economy	Socio-Economic Pillars	Empowerment through education, skills development and economic opportunities	Inclusive growth through local entrepreneurship and poverty reduction	Socially and economically vibrant communities
People	Quality Employment	Creation of sustainable, diverse, fair and decent work	Job-creating developments that prioritize and foster local talent	Prosperous communities with access to fulfilling work
Community	Climate Resilience	Enhancement of community climate awareness and preparedness	Climate-resilient developments and operations	Future-proofed infrastructure for extreme weather events
	Business Opportunities	Strengthening local economies through small and medium enterprises (SMEs) and supplier support	Collaborations that enhance project outcomes and drive supplier growth and innovation	Strong local economies through sustainable business practices and supply chains
	Customer Well-being	Improving lives through enhanced services, products and experiences	People-centric spaces that prioritize ease, well-being and sustainability	Environments that foster individual and community development

SUSTAINABILITY AMBITION ROADMAP

Environmental Sustainability

Focus Areas	Strategic Pillars	Impact		
		People	Projects	Places
Environment	Net Zero 2040	Collaborating and innovating for a sustainable future	Mitigating climate change impacts through renewable energy solutions and carbon offsets	Better air quality for a healthier, sustainable future
	Waste-Free Future	Actively promoting and implementing waste reduction and resource conservation	Driving circularity through innovation and waste reduction	Cleaner communities with less waste and better resource management
	Water for Tomorrow	Improving access to clean, safe and sustainable water supply	Conserving water through investments, technology and responsible use	Protecting ecosystems and resources for water security

STAKEHOLDER ENGAGEMENT

CREATING AND SHARING VALUE THROUGH SUSTAINABLE DEVELOPMENT

At SM Prime, we believe that lasting success comes from integrating economic growth, social responsibility and environmental stewardship.

By creating sustainable real estate developments, we deliver urban solutions that drive financial performance while benefiting both people and the planet.

Through renewable energy integration, green building practices and active community engagement, we strategically align our efforts to achieve positive social, environmental and financial outcomes, creating shared value for all stakeholders.

Our collaborative approach to sustainability reflects our genuine belief in the power of collective action to create a better Philippines. We actively engage with our stakeholders through open dialogues and joint initiatives,

working together to achieve positive outcomes for those impacted by our work.

Alongside our stakeholder engagement, we champion environmental stewardship through our business practices and corporate social responsibility programs to enhance quality of life and conserve resources for future generations. We adopt science-based strategies to enhance the disaster resilience of our developments, optimizing energy and water consumption and minimizing reliance on virgin materials. This holistic approach to sustainability supports shared long-term growth, strengthens our brand equity and upholds our commitment to protecting the environment and local communities.

WHO WE ENGAGE WITH



Employees



Government Partners



Suppliers



Investor and Analysts



Customers



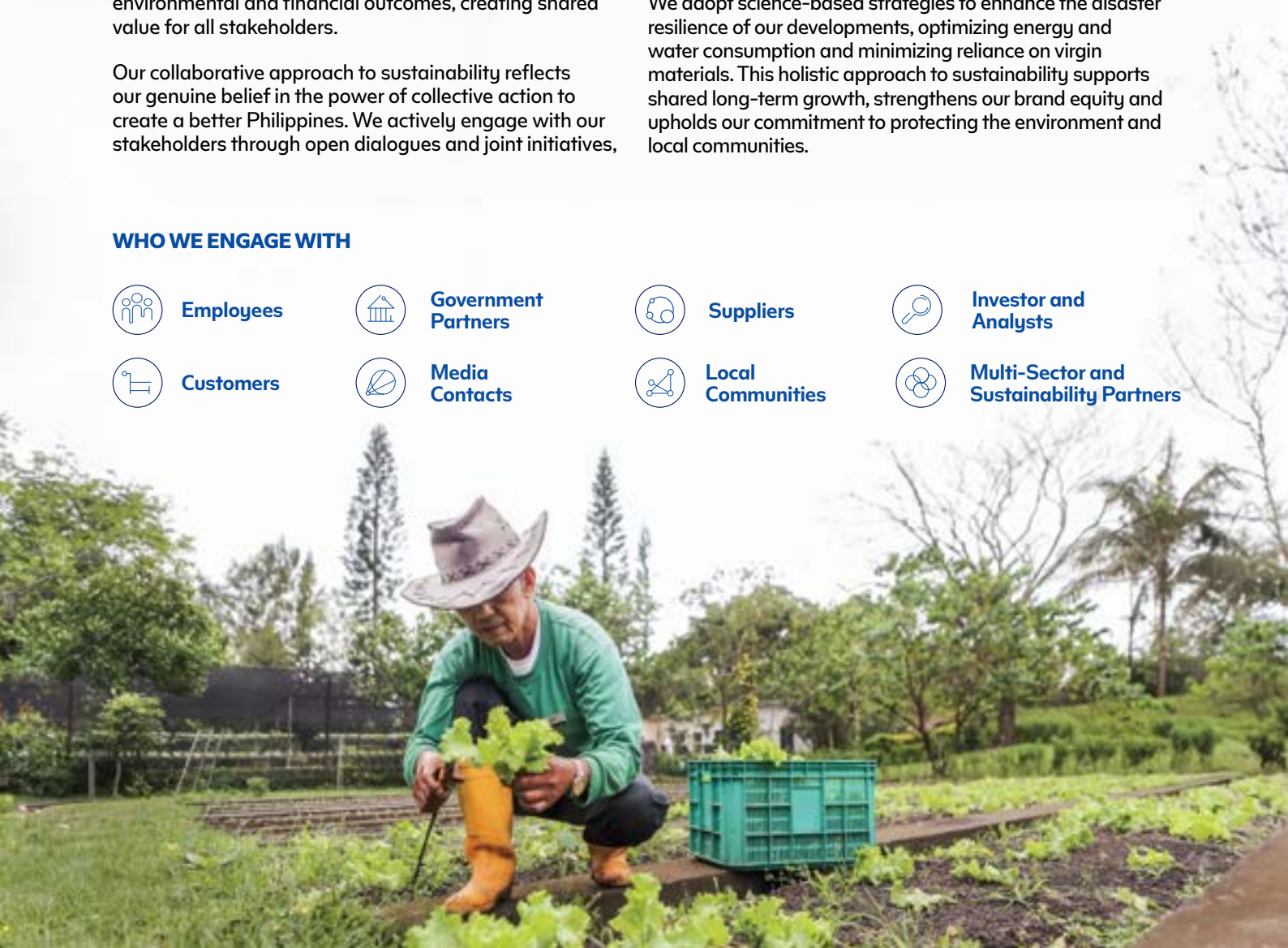
Media Contacts



Local Communities



Multi-Sector and Sustainability Partners



EMPLOYEES

ENGAGEMENT FREQUENCY AND CHANNELS

Ongoing Communication	Daily interactions through MS Teams, Messenger and Viber for real-time updates
Quarterly Engagements	Townhalls, departmental meetings and performance check-ins to align goals and gather feedback
Annual Events	Performance reviews, engagement surveys and training programs for development
Monthly Activities	Events, pulse surveys, team-building activities and other initiatives
Blended Formats	A mix of face-to-face and virtual engagements for townhalls, policy cascades and engagement programs.

STAKEHOLDER NEEDS AND EXPECTATIONS

Operational Efficiency and Employee Welfare	Long work hours, limited work-life balance and extended approval timelines
Engagement and Communications	Inclusion of all employees in engagement activities, timely guidance on KPIs and work tools for new hires, connectivity challenges for tenured employees
Sustainable Solutions and Continuous Monitoring	Long-term solutions for recurring issues, continuous monitoring for early detection and proactive management for timely resolution of potential concerns
Career Development and Work-Life Integration	Expanded training programs for career growth, optimized shifts for work-life balance, salary adjustments and mentoring programs



STRATEGIC ACTION AND RESPONSE

Workload Management	Staffing adjustments, process improvements and training for efficiency
HR Council Discussions	Evaluation of concerns, joint proposals to Management and direct Business Unit resolutions
Issue Resolution	Closure of concerns from previous engagement activities before the next
Work-Life Integration	Flexible work shifts for better work-life balance
Career Development	Expanded training programs, learning opportunities and internal mobility for growth

CUSTOMERS

ENGAGEMENT FREQUENCY AND CHANNELS

Communication Channels	Emails, hotlines, social media, chatbots and surveys for continuous customer engagement
Sales and Marketing Activities	B2B meetings, sales calls, marketing events, social media, Viber communities, email and text blasts, and CRM efforts
Customer Interaction	Daily engagement via reservation lines, contact centers, loyalty programs and the Stay Please app
Events and Associations	Participation in memberships, coffee chats, Culinaire events, tradeshow and tenant engagement activities
Regular Engagement	Daily to annual interactions, including permit management, tenant support and government bid participation for smooth operations and compliance



STAKEHOLDER NEEDS AND EXPECTATIONS

Information Requests and Clarifications	Frequent inquiries on rules, guidelines and operational concerns
Convention Space and Hotel Service Issues	Limited space availability, peak season rates concerns and occasional service lapses
Property and Payment Concerns	Delayed unit turnover, payment posting, sales negotiations, title follow-ups, property issues and restructuring requests.
Mall Tenant and Operational Feedback	Rental negotiations, space availability, store design and building operations
Market Trends and Policy Changes	Monitoring global trends and government policies to manage supply, convention demand and local regulations.

STRATEGIC ACTION AND RESPONSE

Regular Coordination Meetings	Planning, task assignments and issue resolution through team discussions
Customer Feedback and Interaction	Monitoring feedback via ReviewPro, surveys and TripAdvisor with immediate action on concerns
Delayed Project Turnover Management	Task force oversight, backlog resolution and regular construction updates
Mall Tenant Communication	Previews, business reviews and store opening timelines for tenant updates
Timely Responses	24-hour response commitment and prompt updates on internal processes and approvals

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Taal Vista Hotel actively supports sustainability. Our Plate for the Planet program promotes sustainable dishes. We also have a Giving Garden where fresh ingredients are grown for use in the kitchen.

CHRISTINA



“

From kayaking to just chilling by the shore, every moment at **Pico de Loro** feels like a mini paradise.

BIEN



MULTI-SECTOR AND SUSTAINABILITY PARTNERS

ENGAGEMENT FREQUENCY AND CHANNELS

Direct Engagements	Ongoing interaction with municipal offices, factories, property managers and schools through education programs
Media Events and Meetings	Regular press conferences, orientations and media events to promote sustainability initiatives
Program Launches and Collaborations	Engagements through launches, press briefings, social events and partnerships
Quarterly and Monthly Engagements	Project-based interactions occurring quarterly or monthly for continuous collaboration
Proposal Approval and Integration	Sustainability-aligned proposals are reviewed, approved and integrated after stakeholder coordination

STAKEHOLDER NEEDS AND EXPECTATIONS

Waste Management Challenges	Costly and inefficient waste disposal; landfilling is cheaper but unsustainable. Circularity and improved processing needed as costs rise.
Sustainability Programs and Investor Attraction	New programs enhance awareness, attract investors and strengthen partnerships for long-term planning.
Operational Concerns	Response times, accreditation processes and payment lead times pose challenges, particularly for MSMEs managing cash flow.
Compliance and Program Implementation	Essential for meeting sustainability targets, ensuring proper governance, verification and financial accountability
Marine Protected Areas and Awareness	Ongoing protection, awareness campaigns and co-created programs to prevent illegal poaching and boost customer engagement

STRATEGIC ACTION AND RESPONSE

Waste Management Initiatives	Enhanced waste segregation and increased plastic collection in compliance with the Extended Producer Responsibility Act of 2022; joint venture with GUUN Co. Ltd (GUUN) to generate “fluff fuel” from non-recyclable waste materials
Effective Engagement	Stakeholder insights gathered through engagement questions, regular meetings and partner catch-ups
Immediate Issue Response	Urgent concerns addressed promptly to align with company goals
Communication and Synergy	Press releases promote rooftop solar photovoltaic (PV) projects; expanding partnerships strengthens sustainability efforts
Partnerships and Assessments	WWF collaboration for underwater assessments to guide Marine Protected Area (MPA) protection



SUPPLIERS AND BUSINESS PARTNERS

ENGAGEMENT FREQUENCY AND CHANNELS

Supplier Accreditation	Pre-engagement requirement, compliance with SM Sustainable Supply Chain Policy, site visits to plants and showrooms
Bidding and Awarding	Zychus Vendor Ordering system launch by Q1 2025 for process efficiency
Communication	Annual emails on ethics and gift policies, frequent updates on specifications, pricing and delivery, meetings for issue resolution
Events and Training	Participation in expos, trade fairs, supplier seminars and online briefings for industry updates
Site Inspections	Walkthroughs of ongoing projects, reviews of completed supplier and contractor projects for quality and compliance

STAKEHOLDER NEEDS AND EXPECTATIONS

Specifications Mismatch and Quality Issues	Products not meeting requirements or quantities, occasional substandard quality
Delivery Delays and Lead Time	Missed delivery timelines and lead time challenges
Price Increase Requests and Inflation	Price hike requests due to inflation and unexpected cost surges
System-Related Issues and Payment Terms	Challenges with gross receipts (GR) posting, lead time and payment terms
Delayed Payments to Suppliers	Timely payments, clear and structured communication, streamlined processes

STRATEGIC ACTION AND RESPONSE

Supplier Responsiveness	Suppliers can schedule meetings with Management via Supplier Relations to address concerns
Addressing Price Increases	End users and consultants explore cost-effective alternatives without compromising quality
Supplier Briefings and Re-orientation	Regular sessions ensure suppliers understand procedures, submit SOAs on time and clear outstanding payables
Regular Business Updates	Orientation, memos and meetings to keep suppliers informed
Constant Communication	Ongoing discussions on product and delivery improvements, innovations and operational updates through town halls and virtual meetings



LOCAL COMMUNITIES

ENGAGEMENT FREQUENCY AND CHANNELS

Community Visits	Assess culture, behavior, socioeconomic conditions and skills to understand community needs
Community Engagement Programs	Organize seminars, contests and initiatives like plastic reduction to boost awareness, involvement and sustainability
Digital Communication	Use newsletters, bulletins and digital platforms for regular community updates
Environmental and Fitness Initiatives	Implement programs like Adopt-A-River, effluent tests and fitness events for sustainability and health
SM Cares and Ongoing Programs	Advocate for sustainability, inclusivity and empowerment through clean-up drives, institutional campaigns and regular activities

STAKEHOLDER NEEDS AND EXPECTATIONS

Sustainability Concerns and Long-Term Solutions	Shift from short-term CSR to sustainable initiatives aligned with community needs and goals
Operational Focus and Logistical Considerations	Prioritizing maintenance, operations, timing, safety and security
Funding and Impact	Addressing funding needs to meet expectations, expand reach and institutionalize programs
Expansion and Leadership	Scaling programs across locations by preparing and empowering local teams
Community-Specific Projects and Sustainability Education	Tailoring projects to local needs, integrating skills and expertise

STRATEGIC ACTION AND RESPONSE

Regular Monitoring and Support	Ongoing monitoring, mentoring and coaching to sustain projects and address challenges
Internal Programs	Supporting initiatives through internal programs that enhance sustainability efforts
Enhanced Communication Strategies	Strengthening communication across multiple platforms for better outreach
Community Engagement	Partnering with tenants, NGOs and government agencies to recruit volunteers and conduct community visits
Effective Engagement Methods	Face-to-face discussions, annual meetings and improved digital engagement for volunteer efforts



INVESTORS AND ANALYSTS

ENGAGEMENT FREQUENCY AND CHANNELS

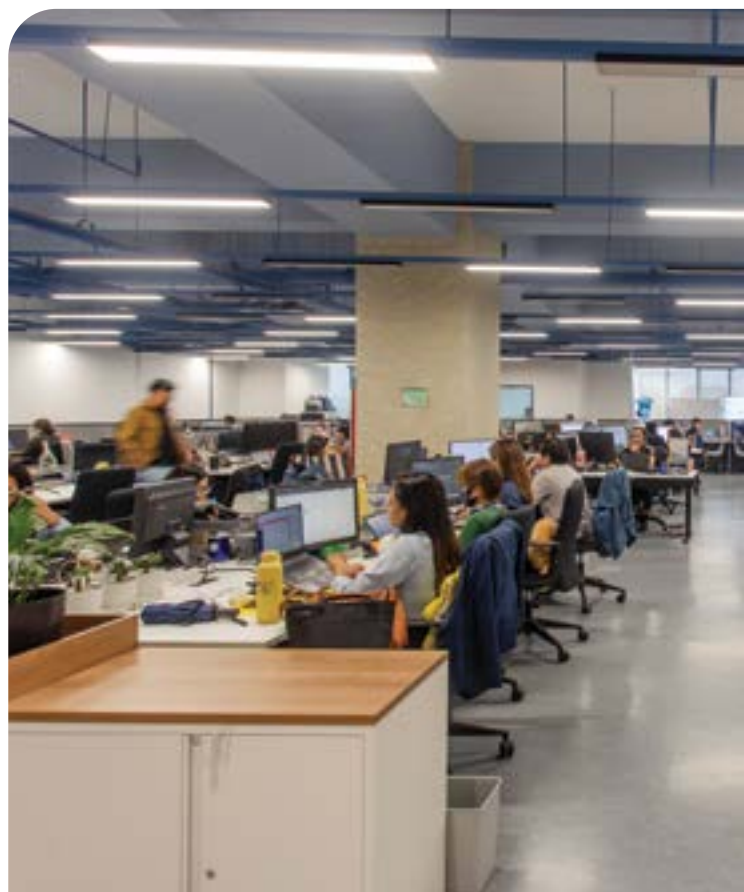
One-on-One Meetings and Conference Calls	Scheduled based on investor and analyst requests for personalized engagement
Non-Deal Roadshows and Conferences	Participation by invitation to present company performance and strategy
Property Tours and Site Visits	Arranged upon request to provide firsthand insights into properties and projects
Media and Analyst Briefings	Annual media briefings post-Stockholders' Meeting; quarterly analyst briefings via SMIC channels
Regular Update Calls	Investors regularly request updates on company performance; main stakeholders have not sought new proposals

STAKEHOLDER NEEDS AND EXPECTATIONS

Financial Results and Transparency	Investors mainly concerned with financial performance and project expansion
Project Developments	Regular progress reports and milestone updates
Sustainability Efforts and Data	Detailed insights on sustainability initiatives and their impact
Continuous Communication	Ongoing, clear communication to maintain stakeholder trust and confidence

STRATEGIC ACTION AND RESPONSE

Managing Concerns	Addressed through physical and virtual meetings with top management
Investor Relations	Regular updates via one-on-one calls, emails, property tours, NDRs, website, Investor Kit and quarterly calls.



GOVERNMENT PARTNERS

ENGAGEMENT FREQUENCY AND CHANNELS

Dialogues and Consultations	Regular participation in public consultations with energy stakeholders and government bodies
Partnerships and Seminars	Collaboration with government agencies, including seminars and energy efficiency programs
Annual Report Submissions	Timely submission of reports to regulators for legal and regulatory compliance
Audits and Inspections	Participation in audits and inspections to maintain compliance and address issues proactively
Award Ceremonies and Recognition	Engagement in industry recognition programs, highlighting achievements and contributions

STAKEHOLDER NEEDS AND EXPECTATIONS

Inspection and Documentation	Most issues resolved during inspections; required documents provided for audit closure
Government Record-Keeping and Compliance	Organizations may be required to provide proof of payments and remittances to facilitate government verification and ensure compliance
Tax and Permit Challenges	Strict tax payment schedules, LGU assessment discrepancies and rising regulatory demands require extensive documentation
Regulatory Actions and Transparency	Emphasis on timely, transparent and consistent regulatory processes, with a focus on clear guidelines, accountability and fair implementation
Policy Changes and Political Influence	Evolving policies, personnel transitions and varying legal interpretations impact compliance, with economic and regulatory factors shaping decisions



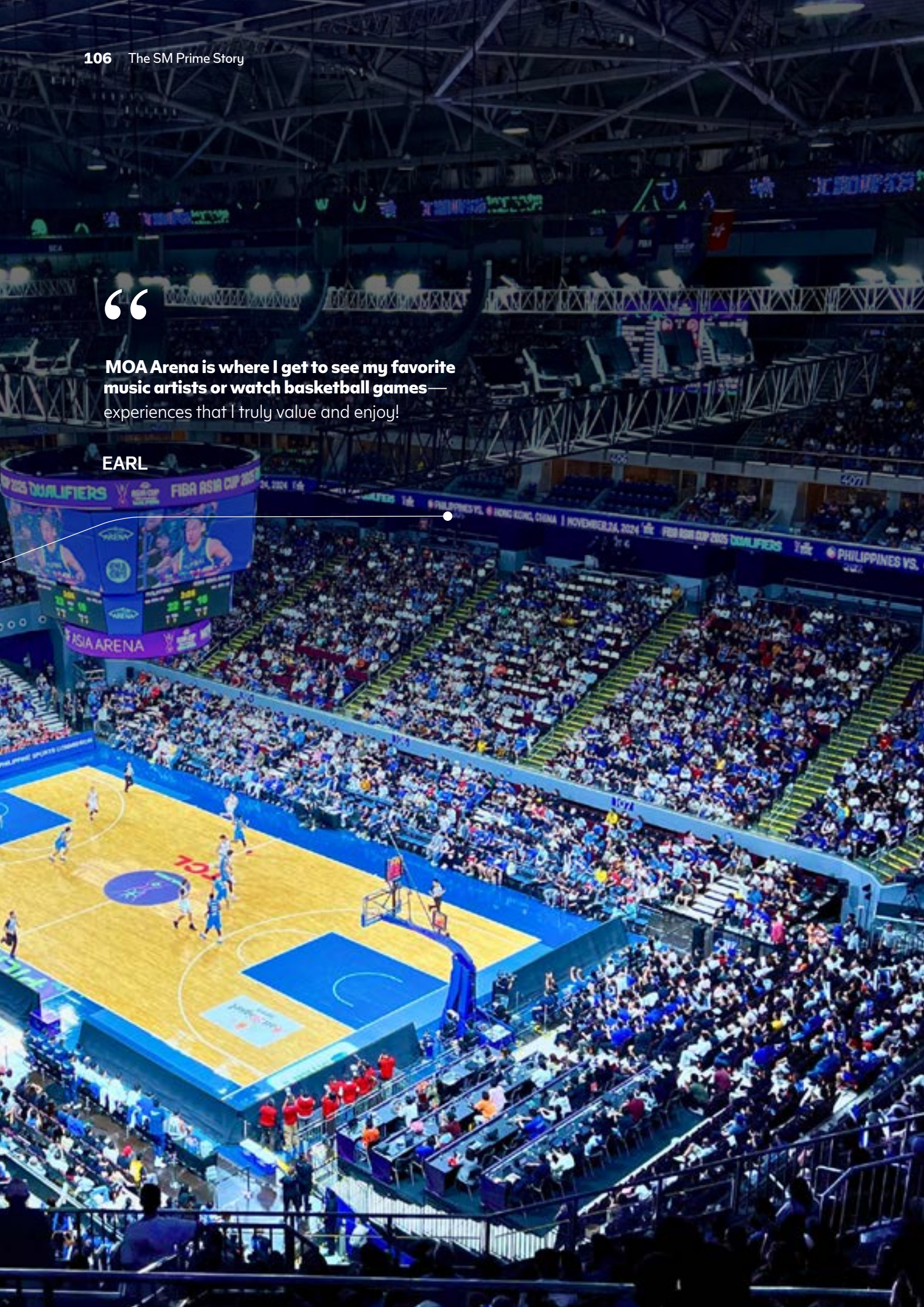
STRATEGIC ACTION AND RESPONSE

Formal Correspondences and Appeals	Regulatory concerns addressed through formal letters, position papers, discussions and appeals
Proactive Issue Resolution	Timely corrective actions to maintain compliance and prevent issues
Annual Compliance Clearance	Submission of required documents and management alignment to meet regulatory requirements
Open Communication and Training	Regular engagement with regulators, participation in seminars and role-based training for compliance
Synergies and Relationships	Collaboration with government and industry stakeholders to facilitate regulatory processes, tax compliance and business permits

“

MOA Arena is where I get to see my favorite music artists or watch basketball games—experiences that I truly value and enjoy!

EARL



MEDIA PARTNERS

ENGAGEMENT FREQUENCY AND CHANNELS

Annual Media Briefings	Hold post-Stockholders' Meeting with key officers to provide updates
Press Releases and Communication	Regular media updates via email, print, broadcast, digital platforms, social media and sponsored content
Media Events and Socials	Press briefings, launches, interviews, courtesy visits and appreciation events to strengthen relationships
Quarterly and Monthly Engagements	Quarterly placements, annual media tours and monthly activities for sustained engagement
Proposal Evaluation and Approval	Major publication proposals reviewed and assessed for strategic alignment, reach and impact

STAKEHOLDER NEEDS AND EXPECTATIONS

Virtual access	Media partners request live streaming of briefings due to scheduling conflicts
Processing Delays and Budget Constraints	Managing payment schedules and budget allocations to enhance media placements and engagement
Increased Media Interest	Growing interest in media briefings with new project announcements, including requests for exclusive content, expedited response and multimedia formats
Strengthening Media Relations	Regular engagements, informal meetings, access to spokespersons, rigorous procurement processes for media buys and distribution of strategic press releases to improve coverage quality

STRATEGIC ACTION AND RESPONSE

Budget Allocation	Media placements prioritized based on available resources and strategic priorities
Standard Responses	Approved statements address most issues, with some matters are deferred due to regulatory or legal considerations
Effective Communication	Sustainability initiatives, tenant support programs and workspace innovations shared through press releases, media tours and features
Management Engagement	BU management's adaptability supports PR efforts, with media partnerships strengthened through roundtables, exclusive events, virtual tours and personal engagement



NATURAL CAPITAL

At SM Prime, our commitment to sustainability extends to the responsible stewardship of natural capital, ensuring that our operations minimize environmental impact while creating long-term value for stakeholders.

We integrate sustainability principles into our business strategy, reinforcing our role in environmental conservation and climate resilience.

SM PRIME SUSTAINABILITY POLICY

Our founding leader, Henry Sy, Sr., believed that “business growth and social development must go hand in hand”. Following this guiding principle, SM Prime recognizes the importance of institutionalizing sustainability practices in pursuing its goals. In this light, we consistently ensure that our working conditions are safe, all our workers are treated with respect and dignity, and our business operations are environmentally responsible and conducted ethically.

We comply with existing regulations and voluntarily employ value chain processes that consider economic, environmental, social and governance issues and concerns in accordance with our sustainability framework and our adopted global reporting standard. We shall achieve this together with the help of our employees, business partners and customers.

This Sustainability Policy, carried out in the key commitments specified below, aligns with all our other corporate policies and business principles, particularly with our Company Code of Ethics.

Furthermore, SM Prime commits to the following:

Resource Conservation and Efficiency

- Increase energy efficiency (i.e., significant decrease in electricity consumption)
- Conserve and protect water resources through efficiency, reuse and stormwater management (i.e., significant decrease in water consumption)

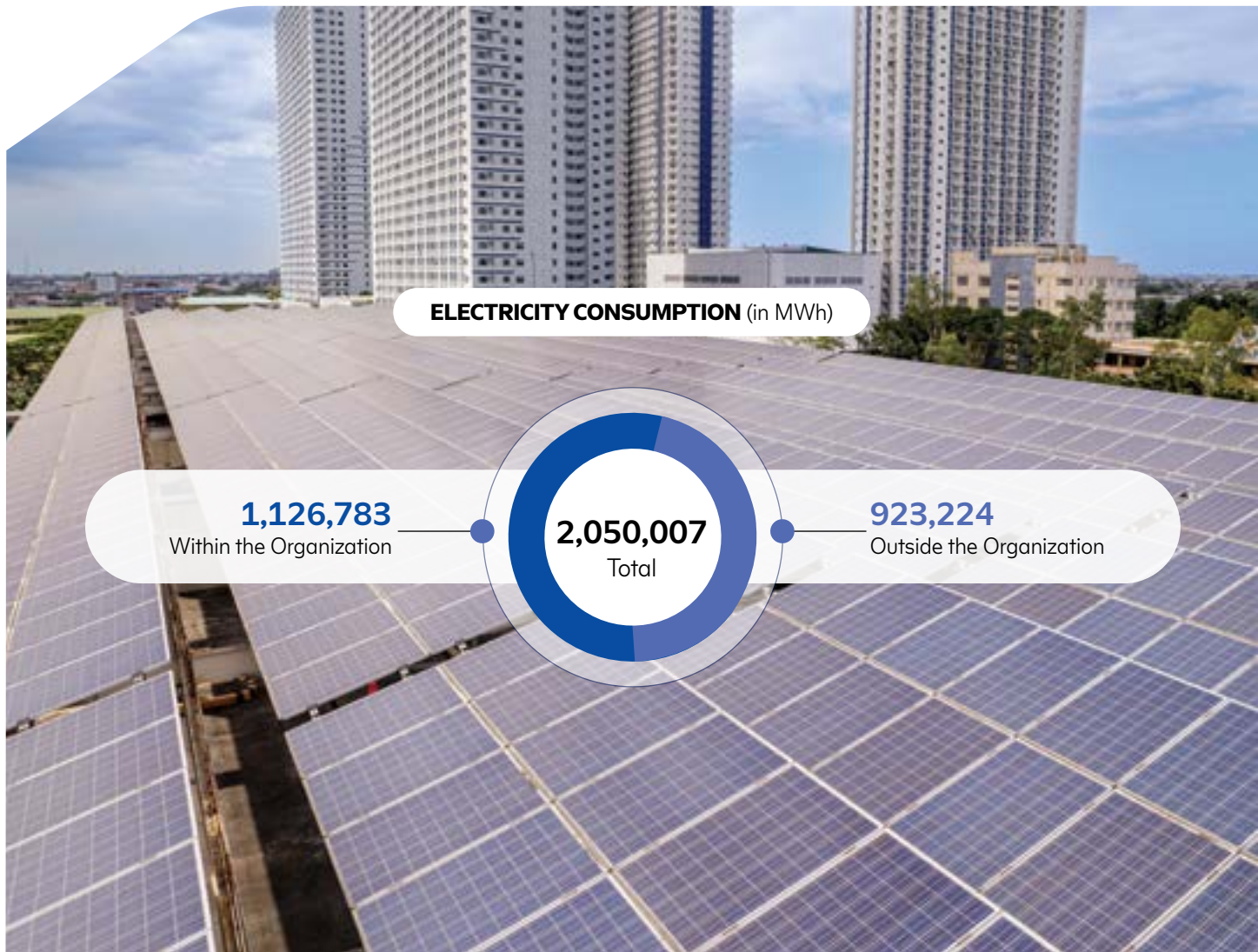
- Eliminate waste, prevent pollution and increase recycling (i.e., zero waste)

Disaster Resilience

- Ensure the safety and security of our stakeholders, protect assets, and minimize disruptions to the availability of goods and services through the Disaster Resilience Policy Framework
- Evaluate climate risks and vulnerabilities. Develop mitigation and adaptation measures to manage both the short and long-term effects of climate change on the company’s operations.
- Align company initiatives with the United Nations and national government on prevention and mitigation, preparedness, response and recovery, and rehabilitation efforts.

Climate Advocacy

- Increase the use of renewable energy, wherever possible.
- Leverage the company’s acquisitions to foster markets for sustainable technologies and environmentally preferable materials, products and services.
- Raise employee awareness and encourage each individual in our business units’ communities to apply sustainability ideals to every aspect of their daily work (i.e., participate in at least two sustainability events within the year and attend the Sustainability 101 Workshop).



Social Integration

- Initiate programs for diversity and inclusivity, aligned with human rights and labor practices to support community development.
- Advocate global and local community efforts that promote private and public partnerships.

Transparent Reporting

Measure and report sustainability performance (i.e., contribute to the company's group wide Integrated Report).

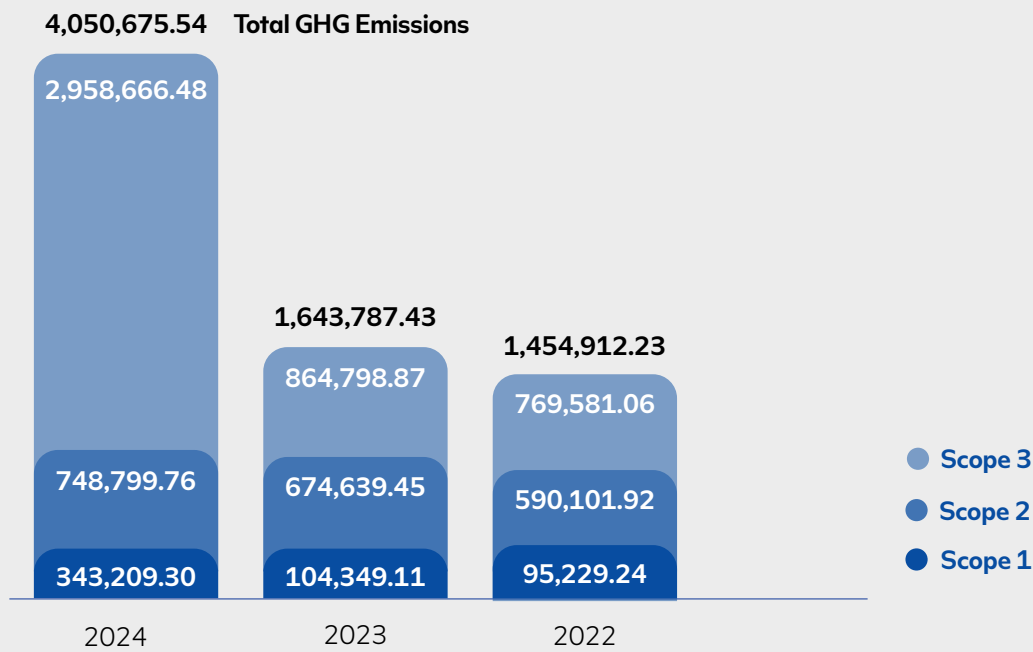
Guided by our Sustainability Policy, we comply with regulatory requirements and industry best practices while engaging employees, tenants and communities through awareness programs and partnerships. These initiatives drive collective action toward responsible resource management. Training sessions and communication campaigns further enhance knowledge of sustainability

principles, reinforcing a culture of environmental stewardship. By embedding sustainability into our operations, SM Prime remains steadfast in preserving natural capital for future generations while contributing to a resilient and sustainable economy.

We implement proactive measures to manage our environmental footprint through resource efficiency, waste reduction and biodiversity preservation. Our developments prioritize green building practices, water and energy conservation initiatives, and responsible land use to mitigate environmental risks.

ENERGY EFFICIENCY AND EMISSION REDUCTION

As part of our commitment to responsible operations, SM Prime continuously implements energy efficiency measures to optimize consumption and reduce emissions. We leverage technology and sustainable practices to enhance energy management across our properties.

BREAKDOWN EMISSIONS PER SCOPE (in MtCO₂E)

Our operations primarily rely on grid-purchased electricity, complemented by energy-efficient initiatives such as LED lighting retrofits and advanced cooling system upgrades. These efforts contribute to reduced electricity consumption and lower operational costs while supporting our climate action goals.

SM Prime also monitors emissions across its value chain, covering Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased electricity), and Scope 3 (other indirect emissions). By integrating sustainability considerations into decision-making, we strive to decarbonize our portfolio and align with global climate targets.

Scope 1 Emissions

In 2024, SM Prime's Scope 1 emissions totaled 343,209.30 tCO₂e, marking a 229% increase from 2023. This rise is primarily due to enhanced data collection following the implementation of a new reporting tool, which improved tracking of refrigerant usage—a key component of Scope 1 emissions. The updated system captured previously underreported data, providing a more accurate baseline for future reduction efforts. While this increase reflects the complexities of GHG accounting, it also reinforces our commitment to transparency and more precise measurement in alignment with global climate reporting standards.

Scope 2 Emissions

SM Prime's Scope 2 emissions increased by 11%, rising from 674,639.45 tCO₂e in 2023 to 748,799.76 tCO₂e in 2024 due to business expansion and higher energy consumption. Recognizing that electricity from fossil fuels remains a key driver of Scope 2 emissions, we are actively procuring renewable energy and expanding solar installations across our properties. As of 2024, 50% of the energy used in our RCOA facilities is sourced from renewables, with 51.6 MW of solar panels installed across 47 properties.

Scope 3 Emissions

In 2024, SM Prime's Scope 3 emissions reached 2,958,666.48 tCO₂e, marking a 242% increase from the 2023 baseline of 864,798.87 tCO₂e. This rise was primarily driven by business expansion across key segments, leading to higher value chain emissions, as well as improvements in data collection methodologies that enhanced the accuracy of fuel consumption tracking in our malls—revealing previously underreported emissions. While this increase highlights the complexities of scaling sustainably, it also underscores our commitment to transparent environmental accounting. These insights will inform targeted strategies to decouple operational growth from emissions intensity, advancing our long-term sustainability objectives.

EMISSIONS INTENSITY

Beyond managing absolute emissions, SM Prime now tracks emissions intensity, which measures greenhouse gas (GHG) emissions per unit of output (Million MtCO₂e/Php million revenue).

In 2024, SM Prime's combined Scope 1 and Scope 2 emissions intensity was 0.00754, reflecting an 28% increase from 0.00588 in 2023.

Meanwhile, Scope 3 emissions intensity increased by 213%, rising from 0.00653 in 2023 to 0.02045 in 2024. This increase correlates with SM Prime's revenue growth, underscoring the importance of continued engagement with our value chain to drive emissions reductions.

SCOPE 1 AND 2 EMISSIONS INTENSITY

2024	0.00754
2023	0.00588
2022	0.00627

SCOPE 3 EMISSIONS INTENSITY

2024	0.02045
2023	0.00653
2022	0.00704

WATER CONSERVATION AND RESPONSIBLE EFFLUENT MANAGEMENT

Water is a critical resource in our operations. We actively monitor consumption and implement conservation measures to optimize usage. Our properties are equipped with water-efficient fixtures, rainwater harvesting systems and wastewater treatment facilities to minimize environmental impact.

In 2024, SM Prime extracted a total of 18,137,117.61 m³ of water, representing a decrease of 2.8% from 2023. Effluent discharge from our operations undergoes strict treatment processes, ensuring compliance with regulatory standards before being released into water bodies. SM Prime has achieved a 26.23% increase in recycled water volume, rising from 4,424,985 m³ in 2023 to 5,585,826 m³ in 2024. This progress underscores our dedication to Water Stewardship, aligning with global sustainability standards to optimize resource efficiency and reduce environmental impact.

WATER	Total (in m ³)
Total Water Withdrawal	18,137,117.61
Total Water Discharge	9,922,379.75
Total Water Recycle	5,585,826.46
Total Water Consumption	8,214,737.86

TOTAL WASTE GENERATED (in tons)

296,856.51

BEAKDOWN PER WASTE TYPE	Total (in tons)	BEAKDOWN PER DISPOSAL TYPE	Total (in tons)
Recyclable	3,689.00	Recycled/Reused	3,656.84
Disposable (Residual)	95,921.22	Sent to Landfill	185.16
Compostable (Biodegradable)	186,221.46	Collected by Accredited Hauler	283,718.65
Hazardous Waste	4,573.04		
Others	6,451.80		

Sustainable Waste Management

Our commitment to a waste-free future is reflected in our waste reduction strategies and circular economy initiatives. By minimizing waste generation and promoting resource efficiency, we strive to reduce environmental impact and contribute to a more sustainable economy.

SM Prime is committed to achieving 100% waste segregation at the source through its pioneering #SMWasteFreeFuture program. By categorizing waste into three distinct streams—Recyclable, Disposable, and Compostable—the initiative ensures responsible resource recovery, recycling and disposal. This structured approach underscores SM Prime's dedication to fostering sustainable practices and advancing a circular economy.

Our waste management policies align with national environmental regulations, reinforcing our commitment to circularity through materials recovery facilities, proper hazardous waste disposal and community waste diversion programs.

In 2024, SM Prime recorded 292,283.48 tons of non-hazardous operational waste, marking an 81% increase from 2023. This significant rise is primarily due to the deployment of an enhanced data collection tool, which has strengthened the accuracy and reporting capabilities of our Business Units.

To reinforce responsible waste management, we launched The R-D-C (Recyclable, Disposable and Compostable) bin system across all our developments. This initiative promotes waste segregation at the source, encouraging tenants, employees and customers to adopt more sustainable disposal practices. By fostering a culture of

reducing, reusing and recycling, this milestone marks the first step in SM Prime's commitment to innovative waste diversion strategies.

Beyond our properties, 7,373.08 metric tons of waste were successfully diverted through our joint venture partnership with the GUUN waste-to-fuel facility in Cebu. This pioneering initiative converts non-recyclable waste into alternative fuel sources, providing an environmentally responsible solution to waste disposal while supporting the transition to sustainable energy alternatives.

By continuously enhancing our waste management systems and building strategic partnerships, SM Prime aims to minimize landfill dependency and contribute to a more circular economy.

Biodiversity Protection and Future Carbon Forest

Beyond physical structures, our developments serve as ecosystems that nurture local biodiversity. By incorporating green spaces and sustainable landscaping, we create healthier environments, enhance community well-being and preserve natural heritage.

As of 2024, SM Prime continues to expand its mangrove conservation efforts across 24 hectares of protected sites, reinforcing our commitment to biodiversity protection and climate resilience. These initiatives not only safeguard coastal ecosystems but also contribute to carbon sequestration, supporting our Net Zero by 2040 goals.

Task Force on Climate-Related Financial Disclosures (TCFD)

SM Prime has embedded climate considerations into governance and strategic planning, ensuring resilience in

a changing climate landscape. Our 2024 TCFD disclosure reflects our commitment to proactive climate mitigation and adaptation, supported by SM Prime's dedicated Sustainability Technical Working Group, board oversight and alignment with IFRS S2 requirements.

Governance – Our Board and TWG conduct structured annual reviews to assess climate risks and opportunities. Climate training for senior leadership ensures a unified approach, integrating scenario analyses into strategic planning and risk management.

Strategy – Climate change presents both risks and opportunities. Our scenario analyses inform investment decisions, including a planned Php 100 billion capital expenditure in 2024 for energy efficiency, renewable energy integration, water and waste management, and resilient infrastructure.

Risk Management – Our enterprise-wide risk framework assesses both physical risks, such as extreme weather events and transition risks, including regulatory and market shifts. These considerations guide strategic and operational decision-making.

Metrics and Targets – Transparent progress measurement is essential to achieving our sustainability commitments. The table below outlines our absolute emissions targets, developed in collaboration with WWF-Philippines.

SM Prime utilized the SBT-Setting Tool (v.2) and Scope 3 Tool by SBTi to establish science-based targets (SBTs) using the Absolute Contraction Approach (ACA). To align with a 1.5°C pathway, its minimum ambition targets include a 46.2% reduction in Scope 1 and 2 emissions and a 27.5% reduction in Scope 3 emissions by 2030, based on 2019 levels. However, leveraging recent data and an updated energy efficiency index (EEI), it has set more ambitious targets: a 70% reduction for Scope 1 and 2 and a 50% reduction for Scope 3 Category 13 emissions by 2030. Long-term, it targets a 67.2% reduction in total GHG emissions by 2035.

Preparing for a Net-Zero Future

Deploy, deploy, deploy

Cleaning up emissions

PRESENT

PHASE 0

NEAR-TERM

LONG-TERM

2023

2023-2025

2025-2030

2030-2040

Near-term SBT

An overall goal amount of 22.15 kgCO₂e/m² for in-Use Operational Emissions and 9.59 kgCO₂e/m² for Embodied Emissions by 2030.

Long-term SBT

(Retail Shopping Centers) An overall goal amount of 1.47 kgCO₂e/m² for in-Use Operational Emissions and 12.92 kgCO₂e/m² for Embodied Emissions by 2050.

(Offices) An overall goal amount of 1.39 kgCO₂e/m² for in-Use Operational Emissions by 2050.



“

At SM, we believe that securing a better future for generations to come hinges on our commitment to innovative solutions and projects that embody sustainability principles. Sustainable investments play a crucial role in this endeavor.

JICA



To achieve these goals, SM Prime's Decarbonization Roadmap is structured into three phases: Phase 0 (2023–2025), Near-Term (2025–2030), and Long-Term (2030–2040). Phase 0 focuses on foundational groundwork, including baseline assessments and preparatory initiatives. The Near-Term phase prioritizes energy efficiency measures across existing and new developments to meet the 2030 targets. The Long-Term phase will refine strategies to achieve net-zero emissions, adapting to evolving technologies, policies and market conditions.

SM Prime's decarbonization strategy is anchored on five key pillars aligned with a 1.5°C carbon budget:

- Phasing Out Fossil Fuels
- Managing Demand through Energy Efficiency
- Sustainable Energy Supply
- Greening Construction
- Neutralizing Emissions

Having decarbonized 68% of its energy supply, SM Prime is advancing its renewable energy (RE) procurement, investment-grade energy audits, Green Building standards and supply chain sustainability.

Our TCFD-aligned climate strategy integrates governance, foresight, and risk management with transparent, science-based targets. As we navigate the evolving climate landscape, SM Prime remains committed to climate resilience and sustainable development. For further details, refer to pages 42–47 of the SM Prime 2023 Annual Integrated Report.

Transition to SDA (Sectoral Decarbonization Approach) Reporting

SMPH seeks recommendations on transitioning to the SDA framework, particularly in aligning disclosures with sector-specific pathways and enhancing stakeholder clarity.

Advancing Science-Based Decarbonization in Real Estate

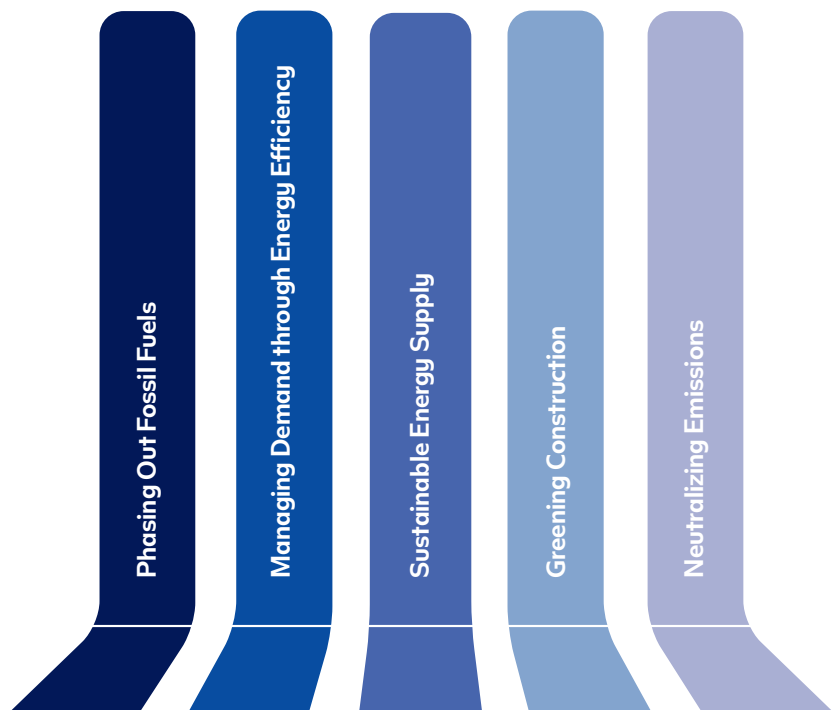
The Draft SBTi Buildings Guidance (v.0.2.1) introduces detailed pathways for emissions reduction, considering building typologies and locations. It applies a “whole building approach” to assess In-Use Operational Emissions from Scope 1, Scope 2 and select Scope 3 sources, alongside Upfront Embodied Emissions from construction materials and processes.

To enhance data-driven decision-making, SM Prime is expanding its data collection to include ground floor area, building typologies and geographies across all business units. Currently, only Retail Shopping Malls (SM Supermalls) and Offices (CPD) in the Philippines track floor area data.

OUR PATH TO NET ZERO: FIVE KEY PILLARS

Our strategy rests on five strategic pillars that shape the impactful action across our value chain.

These pillars reflect our commitment to carbon neutrality—from reducing fossil fuel dependence to enhancing efficiency and driving sustainable innovation.



EMPLOYEES AND SUPPLY CHAIN

At the heart of SM Prime's success over the past 30 years are our employees—the dedicated individuals who drive our vision forward. They are the foundation of our growth, innovation and commitment to sustainability.

By aligning our purpose with the talents and aspirations of our workforce, we continue to build a thriving organization that fosters collaboration, inclusivity and meaningful impact—today and for years to come.

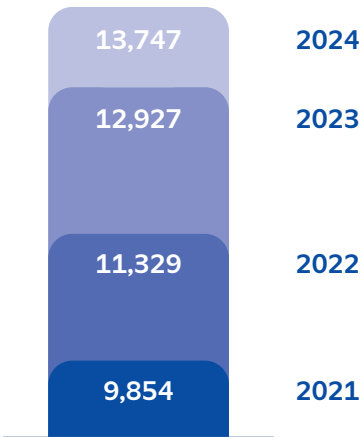
In 2024, we celebrate all 13,747 of our employees. SM Prime's new era is shaped by a generation that values purpose-driven work, mental wellness, collaboration, innovation and financial security. Late Millennials and Gen Z, who make up 41.31% of our workforce, play a significant role in driving this transformation.

Our new SM Prime Headquarters reflects these values through an environment where colleagues can learn

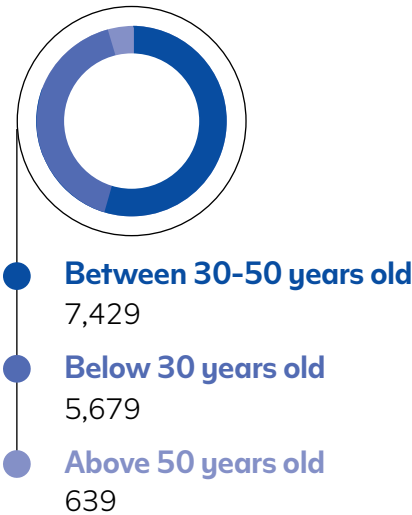
from one another. Open workspaces, huddle areas and numerous meeting rooms provide spaces for face-to-face interactions and employee engagement activities, enabling teams to collaborate efficiently and achieve their goals.

We also remain committed to the development and well-being of our employees by offering competitive compensation and opportunities that support both their professional growth and personal lives. We prioritize a healthy and safe work environment, cultivating a rewarding culture that attracts a diverse group of professionals from various backgrounds and fields—reflecting the workforce of the future.

TOTAL HEADCOUNT OF EMPLOYEES



2024 TOTAL HEADCOUNT BY AGE





AVERAGE SALARY RATIO
AVERAGE FEMALE SALARY: AVERAGE MALE SALARY



**Senior
Management**



**Middle
Management**



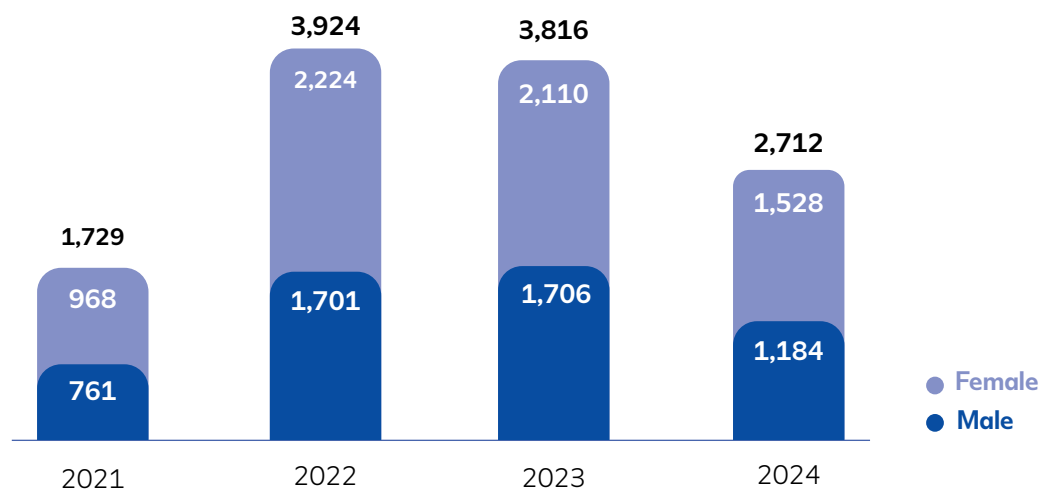
**Junior
Management**



Rank-and-file



NEW EMPLOYEE HIRES



TALENT MANAGEMENT, ACQUISITION AND RETENTION

Recognizing that satisfied and motivated employees are essential to our continued success, the SM LIFE (SM Life Integration for Employees) serves as our talent management and employee engagement program. It is designed to support employees throughout their journey with us, following a cycle that includes recruitment, performance, development, rewards and engagement. The program focuses on enhancing the overall employee experience, empowering our people to learn, grow and give back.

Our human capital efforts are driven by passion, performance and purpose. We continuously seek to attract, develop and retain top talent to maintain our leadership position in the Philippines.

New Employee Hires

In 2024, women made up 56% of our new hires, reflecting our commitment to fostering a diverse and inclusive workplace. This figure highlights the active participation of women across our businesses, reinforcing our efforts to provide equal opportunities for all. By maintaining a balanced and equitable hiring process, we continue to create an environment where talent is recognized based on skills, potential and contributions—regardless of gender.

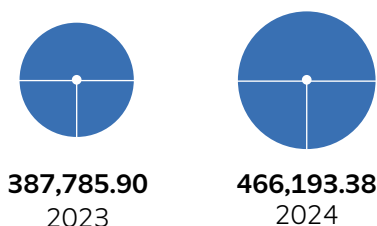
Training

The future of our business depends on our ability to respond to and rapidly adapt to the latest technologies. Continuous learning enables our employees to grow in their careers and stay equipped for a fast-changing world. At SM Prime, we prioritize investments in training to nurture talent, ensure strong leadership succession and enhance job satisfaction.

SM Prime actively engages employees in continuous education and professional development while making learning convenient and accessible. Through our Digi-U Program, powered by LinkedIn Learning, employees gain access to curated, on-demand courses designed to improve daily performance, develop new skills and expand professional competencies.

In 2024, training hours increased by 20%, rising from 387,785.90 to 466,193.38 hours, with employees averaging 34 training hours each. This growth was driven in part by the expanded availability of online learning platforms, which made training more accessible and convenient.

TOTAL TRAINING HOURS



EMPLOYEE ENGAGEMENT

In 2024, SMILE (SM Integrated Life Enablement), our new human capital management system, was launched. Powered by Darwinbox and supported by virtual assistant Primo, SMILE streamlines processes to empower employees, enhancing both productivity and job satisfaction. We also foster a culture of appreciation and peer-to-peer recognition through the SM Life app, strengthening workplace engagement.

Sustainability remains a key strategy in attracting and retaining younger talent, who seek employers that share their values. Our commitment to their future and shared prosperity is reflected in our sustainability programs, which focus on a waste-free future, securing water for tomorrow and advancing our net-zero roadmap.

EMPLOYEE VOLUNTEERISM

Our commitment to social inclusion, environmental stewardship and economic advancement extends beyond the workplace. We recognize that employees find deeper purpose and fulfillment in contributing to community-driven initiatives. Through SM Cares, our corporate social responsibility arm, employees are empowered to engage in large-scale volunteerism. In 2024, the International Coastal Cleanup mobilized thousands of volunteers across the SM Group, making it a record-breaking movement for cleaner seas and waterways—demonstrating our shared commitment to sustainability.

RECOGNITION FROM WITHIN

At SM Prime, we celebrate and reward employees who embody our values and contribute to our shared success. The SM Prime Excellence Awards honors individuals who demonstrate exceptional performance, dedication and innovation in their roles.

Our competitive compensation model, which considers performance, individual contributions and role responsibilities, ensures that employees are fairly rewarded and motivated to grow within the organization. Through our culture of appreciation, peer-to-peer recognition and milestone celebrations, we continue to foster an environment where employees feel valued and empowered.

EXTERNAL RECOGNITION

In 2024, SM Prime's SM LIFE program was honored as the National Awardee for People Program of the Year (Employee Experience and Engagement category) at the People Management Association of the Philippines (PMAP) National Conference in Iloilo City.

Further solidifying our commitment to fostering an exceptional workplace, SM Prime earned the Great Place to Work (GPTW) certification for 2025. According to the Great Place to Work survey, 83% of SM Prime employees consider it a great place to work—significantly surpassing the 65% industry average in the Philippines.

DIVERSITY AND INCLUSION

SM Prime is a staunch advocate of the UN Women Empowerment Principles (WEP) and upholds laws and regulations that support women and working mothers. We believe that fostering female leadership is essential to maximizing our organization's full potential, and we continue to provide opportunities for women to excel across all levels of the company.

Our commitment to diversity and inclusivity ensures an open and collaborative workplace where different perspectives drive creativity, innovation and growth. As a multi-generational organization, we embrace fresh ideas and dynamic leadership to shape a thriving and progressive workforce.

With a nationwide presence, SM Prime actively hires talent from across the Philippines, including the Mindanao and Visayas regions, where many employees hold key management positions. As an equal-opportunity employer, we believe in sustainable and inclusive growth, ensuring that every individual has the chance to contribute and succeed.

Women make up 56% of our workforce, with a notable increase from the previous year. 53% of managerial and senior leadership positions are held by women, reflecting our commitment to gender equality. We also uphold pay equity, maintaining an equal salary variance between genders and enforce strict policies against discrimination and workplace violence through mandatory training and awareness programs.

SAFETY, HEALTH AND WELLNESS

The resilience of our business is deeply connected to the health and well-being of our people. SM Prime ensures that employees have access to comprehensive health benefits, including healthcare services, annual physical exams and insurance coverage. On-site clinics, staffed with trained occupational health nurses, provide medical assistance and support, ensuring a safe and healthy work environment.

Workplace safety is a top priority. We conduct regular training on safety standards, disaster resilience, business continuity management, compliance accreditation, pollution control, emergency preparedness, and occupational safety and health protocols. Open communication channels are in place to address safety concerns and mitigate health risks effectively.

Beyond physical health, mental wellness is an integral part of employee well-being. SM Life offers regular webinars on stress management and champions passion clubs—providing employees with avenues to pursue personal interests, showcase talents and maintain an active lifestyle. Our new headquarters is designed to encourage movement, with stair-friendly layouts, gym facilities and open spaces that promote physical activity. A chapel is also available for employees to access at any time for spiritual reflection.

SUPPLIERS AND VALUE CHAIN

At SM Prime, we operate on a foundation of trust and shared values. We collaborate with accredited suppliers and partners who enhance and support our operations, ensuring that our business aligns with excellence, transparency, compliance and responsible practices.

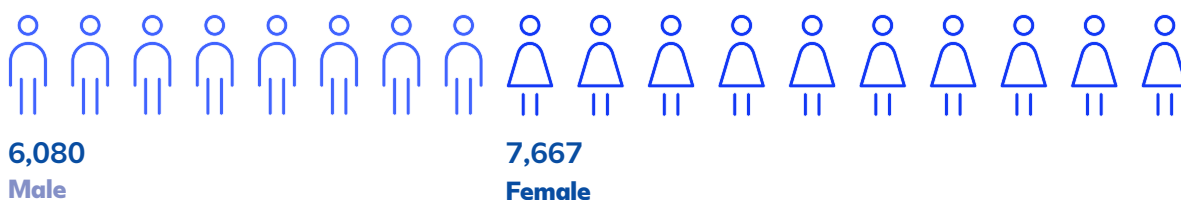
To build, operate and manage our facilities—creating a seamless SM experience for our customers, guests and residents—we rely on partners who uphold the same high standards and commitment to quality. All suppliers must meet the requirements of our strict accreditation process, which guarantees accountability and adherence to ethical business practices.

To streamline operations, our business divisions have dedicated vendor portals tailored to their specific needs. These portals manage accreditation processes, agreements, procurement, purchase orders, invoice tracking and withholding tax documentation. In addition, communication channels are available to promptly address vendor inquiries and concerns, ensuring smooth and efficient collaboration.

Recognizing the importance of continuous improvement, SM Prime offers workshops, training and forums on procurement methods, sustainability initiatives, safety procedures and company guidelines. For instance, we conducted specialized training to help our housekeeping partners adapt to the Recyclable, Disposable and Compostable (RDC) waste segregation scheme in preparation for the launch of the #SMWasteFreeFuture program.

At SM Prime, we value our strong relationships with partner companies and stakeholders. By fostering open communication, fair collaboration and a shared commitment to sustainability, we continue to build a resilient, responsible and future-ready supply chain.

2024 TOTAL HEADCOUNT, BY GENDER



OCCUPATIONAL HEALTH AND SAFETY

EMPLOYEES*	2024	2023	2022	2021
No. of fatalities	0	0***	0	1
No. of lost-time Injuries	21	1,833	2,291	10,126
Employees total hours worked	30,902,744	21,786,529	22,823,280	18,359,481

CONTRACTORS**	2024	2023	2022	2021
No. of fatalities	1	2	1	0
No. of lost-time Injuries	64	266	85	4
Contractors total hours worked	62,924,540	167,965,824	134,845,586	30,380,387

* Data coverage includes only SCMC, SMDC, and SMHCC

** Data coverage only includes SCMC

*** Restated from 2 to 0 following verification that the cause of death was natural and not work-related



Regular earthquake drills conducted nationwide



20 YEARS OF SUPPORTING COMMUNITIES
NURTURING OUR ENVIRONMENT AND

CARING FOR OUR ENVIRONMENT

TRASH TO CASH



RECYCLABLES
12M KGS
TREES SAVED
204K

WASTE

CONSUMER
PLASTIC WASTES
63,874 KGS
ELECTRONIC
WASTES
11,000 KGS

BEYOND LIGHTS OUT



ELECTRICITY
5,199 KWH
CO₂
3,632 KGS

INTERRUPTIBLE LOAD PROGRAM AND EV CHARGERS

110 MW
CAPACITY CONTRIBUTION
126
EV CHARGING STATIONS

BIKE-FRIENDLY SM



>2K CYCLISTS ATTENDED
NATIONAL
BIKE DAY
PARKING AND
REPAIR STATIONS
6.3K

OCEAN CLEANUP AND OCEAN'S DAY



KGS OF WASTE
290
VOLUNTEERS
50K



AND THE PEOPLE FOR A SUSTAINABLE FUTURE

CARING FOR THE PEOPLE

SENIOR FILIPINO COMMUNITY

600 GRANNIES CELEBRATED

**ELDERLY FILIPINO
WEEK 2024**

353 GRANNIES JOINED

**TALAKAYAN
SUPER GRANNIES**



FILIPINO YOUTH

OVER 24,000 YOUNG
SUSTAINABILITY
CHAMPIONS AT

**THE 12TH GLOBAL
YOUTH SUMMIT 2024**

the biggest youth gathering
in the Philippines



WOMEN AND GIRLS

SM KICKS OFF

**BREAST CANCER
AWARENESS MONTH**



with over 500 breast cancer
warriors, families and friends
showed support to BEAUTIFUL
GIRLS: ECHOES OF STRENGTH



IN CELEBRATION OF

**NATIONAL
WOMEN'S MONTH**

16,696 participants joined
in Promoting Safe Places
for Women.

NEURODIVERGENT COMMUNITY



27,379 ENTRANTS
MARCHED AT

**ANGELS WALK FOR
AUTISM 2024**

500 PATRONS JOINED

CEREBRAL PALSY DAY

330 ADVOCATES
PARTICIPATED IN

**AUTISMOKPHFUTURE
EVENT**

6,500 PARTICIPANTS JOINED

**THE 2024
HAPPY WALK**

for Down Syndrome
Awareness



Scan the QR code to view
the SM Cares Year-End
Report.







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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SM Prime Posts Record Annual Profit, up 14% to Php 45.6 Billion

Financial and Operational Highlights

(in Million Pesos, except for financial ratios and percentages)

	Twelve Months Ended December 31				
	2024	% to Revenues	2023	% to Revenues	% Change
Profit and Loss Data					
Revenues	140,391	100%	128,098	100%	10%
Costs and Expenses	72,354	52%	66,818	52%	8%
Operating Income	68,037	48%	61,279	48%	11%
Net Income	45,632	33%	40,011	31%	14%
EBITDA	82,167	59%	74,083	58%	11%
	Dec 31 2024	% to Total Assets	Dec 31 2023	% to Total Assets	% Change
Balance Sheet Data					
Total Assets	1,019,431	100%	943,328	100%	8%
Investment Properties	601,340	59%	545,075	58%	10%
Total Debt	389,920*	38%	366,658	39%	6%
Net Debt	358,674	35%	334,841	35%	7%
Total Equity	433,093	42%	396,197	42%	9%

*The increase in total debt includes P3.8 billion foreign exchange translation.

	Dec 31 2024	Dec 31 2023
Financial Ratios		
Current Ratio*	2.19	2.17
Acid Test Ratio*	1.18	1.09
Solvency Ratio	1.75	1.73
Debt to Equity	47 : 53	48 : 52
Net Debt to Equity	45 : 55	46 : 54
Return on Equity	11.0%	10.5%
Net Income Margin	33%	31%
Asset to Equity	2.35	2.38
Interest Coverage Ratio	5.90	5.31
Debt to EBITDA	4.75	4.95
Return on Investment Properties	9.7%	9.0%

*excluding loans payable and current portion of long-term debt due for refinancing

Revenues

SM Prime recorded consolidated revenues of ₱140.39 billion in 2024, an increase of 10% compared to ₱128.10 billion, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱78.67 billion in 2024, a 9% increase from ₱72.11 billion. 85% is contributed by the malls while 15% is from offices and hotels and convention centers.

Real Estate Sales

SM Prime's real estate sales increased by 9% to ₱45.90 billion in 2024 from ₱42.04 billion due to sales take-up and construction accomplishment of ongoing projects, including Now Residences in Pampanga, Vail Residences in Cagayan de Oro, Gold Towers Residential-Offices in Parañaque, Glade Residences in Iloilo, and Calm Residences in Laguna.

Other Revenues

SM Prime's other revenues increased by 13% to ₱15.81 billion in 2024 from ₱13.94 billion. Other revenues include ice skating, bowling, amusement and recreation operations, sale of food and beverages in hotels, sponsorships and advertising revenues, and cinema and event ticket sales. Cinema improved due to high ticket sales from movies shown during the year, including Hello, Love, Again, Inside Out 2, Moana 2, Rewind, and Deadpool & Wolverine.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱72.35 billion in 2024, an increase of 8% from ₱66.82 billion, from operating expenses which include depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities and manpower costs. Gross profit margin on real estate is 58% in 2024.

Other Income (Charges)

Interest, Dividend and Others - net

Interest, dividend and others - net increased to ₱2.74 billion in 2024 compared to ₱2.52 billion. This consists of interest income from cash and cash equivalents, dividend income from equity instruments, equity in net earnings from associates and joint ventures and foreign exchange gains and losses.

Provision for income tax

SM Prime's consolidated provision for income tax is at ₱10.30 billion in 2024 compared to ₱8.98 billion.

Net income attributable to Parent

SM Prime's net income attributable to Parent increased by 14% to ₱45.63 billion in 2024 compared to ₱40.01 billion.

Balance Sheet Accounts

SM Prime's total assets amounted to ₱1,019.43 billion and ₱943.33 billion as of December 31, 2024 and December 31, 2023, respectively. SM Prime's total assets surpassed ₱1 trillion, an 8% upturn.

Receivables and contract assets increased to ₱92.51 billion from ₱76.95 billion as of December 31, 2024 and December 31, 2023, respectively, mainly due to high take up of residential projects.

Derivative assets - net decreased to ₱4.72 billion from ₱5.25 billion as of December 31, 2024 and December 31, 2023, respectively, mainly due to net fair value changes on interest rate and foreign exchange swap transactions and maturities during the period.

Investment properties increased by 10% to ₱601.34 billion from ₱545.07 billion as of December 31, 2024 and December 31, 2023, respectively, primarily due to ongoing integrated property developments, new mall projects and redevelopment of existing malls, and construction of commercial projects, net of depreciation expense for the period.

Deferred tax asset - net increased to ₱1.63 billion from ₱1.49 billion as of December 31, 2024 and December 31, 2023, respectively. Deferred tax liabilities - net increased to ₱13.92 billion from ₱12.46 billion as of December 31, 2024 and December 31, 2023, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes.

Interest-bearing debt which includes loans payable and long-term debt, increased by 6% to ₱389.92 billion from ₱366.66 billion as of December 31, 2024 and December 31, 2023, respectively, due to net availments for the period for integrated property developments and foreign exchange translation.

Accounts payable and other current liabilities increased by 5% to ₱103.79 billion from ₱99.08 billion as of December 31, 2024 and December 31, 2023, respectively, due to payables to contractors and suppliers related to ongoing projects.

Income tax payable increased to ₱1.61 billion from ₱1.30 billion as of December 31, 2024 and December 31, 2023, respectively, mainly due to tax provisions, net of payments for the year.

Tenants' and customers' deposits increased by 21% to ₱30.53 billion from ₱25.30 billion as of December 31, 2024 and December 31, 2023, respectively, and is attributable to the new malls and office building tenants.

Other noncurrent liabilities increased to ₱43.37 billion from ₱39.38 billion as of December 31, 2024 and December 31, 2023, respectively, due to increase in deferred output VAT related to sale of residential projects, retention payable, net of payments of liability for purchased land.

Cumulative translation adjustment increased to ₱3.14 billion from ₱2.56 billion as of December 31, 2024 and December 31, 2023, respectively, as a result of foreign exchange movement between periods.

Non-controlling interests increased to ₱3.15 billion from ₱2.69 billion as of December 31, 2024 and December 31, 2023, respectively, due to increase in net income attributable to non-controlling interests, net of dividends declared for the period.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year as of balance sheet date.

As at December 31, 2024 and 2023, the retained earnings appropriated amounted to ₱100 billion and ₱42.20 billion, respectively, for planned construction projects and land banking activities. This represents a continuing appropriation to cover the Company's capital expenditures.

SM Prime currently has sixty-seven residential projects, forty-seven of which are in Metro Manila and twenty are outside Metro Manila.

As of December 31, 2024, SM Prime's malls business unit has eighty-seven shopping malls in the Philippines with 9.4 million square meters of gross floor area (GFA) and eight shopping malls in China with 1.7 million square meters of GFA. In 2024, the Company opened two new malls in the Philippines namely SM City Caloocan and SM City J Mall. These new malls, plus the expansion of the Company's existing malls, provided an addition of 0.2 million square meters of GFA.

SM Prime's Commercial Properties Group has twenty-two office buildings with a combined GFA of almost 1.6 million square meters.

SM Prime's hotels and convention centers business unit currently has a portfolio of ten hotels with over 2,600 rooms, six convention centers and two trade halls.



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SM Prime Holdings, Inc. and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of SM Prime Holdings, Inc. and Subsidiaries in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

HENRY T. SY, JR. | Chairman

JEFFREY C. LIM | President

JOHN NAI PENG C. ONG | Chief Finance Officer

Signed this 17th of February, 2025

SM PRIME

MOA Square, Seashell Lane cor Coral Way,
Mall of Asia Complex, Pasay City 1300, Philippines

REPORT OF THE AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities to ensure the integrity and adequacy of the financial reporting process, the internal control system, the audit process, and compliance with pertinent laws, rules and regulations. The Committee likewise oversees special investigations as may be necessary and review its respective Charter annually.

In compliance with the Audit Charter, the Revised Manual on Corporate Governance and pertinent laws, rules and regulations, we confirm that:

- The Audit Committee is composed of four (4) members, namely, independent directors Mr. J. Carlitos G. Cruz and Atty. Darlene Marie B. Berberabe, and non-executive director Mr. Jorge T. Mendiola, and Committee Chairperson, Mr. Amando M. Tetangco, Jr., who is also an independent director.
- We met four (4) times in 2024 on the following dates: February 19, May 6, August 5 and November 11. All meetings registered 100% attendance of all members.
- Each member of the committee possesses adequate knowledge and competence in Finance and Accounting processes.

Profile/Qualifications of the Members of Audit Committee:

MR. AMANDO M. TETANGCO, JR. (Chairperson, Lead Independent Director) – Mr. Amando M. Tetangco, Jr. was elected as Vice Chairperson and Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently the Chairman of SM Investments Corporation, an Independent Director of Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorships in Manila Hotel and Toyota Motor Philippines. He is also a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity. He is also a member of the international advisory board of the Graduate Institute for Policy Studies in Tokyo, Japan and the Asia School of Business in Kuala Lumpur, Malaysia.

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served for two consecutive 6-year terms from July 2005 to July 2017. He was a career central banker for over four decades, having joined the Central Bank of the Philippines on 25 March 1974. During his term as Governor, he held other government positions, such as the Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International Convention Center. He was also Vice-Chair of the Agriculture Credit Policy Council; and a member of the Capital Markets Development Council and the Export Development Council. Prior to his first appointment as Governor in 2005, he was Deputy Governor in charge of the Banking Services Sector, Economic Research and Treasury of the BSP. He also was the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. Before joining the Central Bank, he worked at the Management Services Division of SGV and Co. in 1973-74.

Overseas, he was the country's representative to the ASEAN Central Bank Forum; the Executives' Meeting of East Asia and Pacific Central Banks; the South East Asia Central Banks; the South East Asia, New Zealand and Australia; and the Center for Latin American Monetary Studies. He was the Governor for the Philippines at the International Monetary Fund and the Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he was Chair of the Meeting of Small Open Economies. He also chaired various international committees -- the BIS Asian Consultative Council; the Financial Stability Board Regional Consultative Group for Asia; and the Alliance for Financial Inclusion Steering Committee.

He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognition by a number of international organizations as one of the best central bank governors and chosen as MAP Management Man of the Year in 2015. He was conferred the Honorary Degree of Doctorate in Management by the Asian Institute Management in 2023.

MR. J. CARLITOS G. CRUZ (Member, Independent Director) – Mr. J. Carlitos G. Cruz was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently an independent director of

Transnational Diversified Group, Inc., Federal Land, Inc., Asialink Finance Corporation and related companies namely Global Dominion Financing Incorporated, South Asialink Finance Corporation, Global Cebuana Finance Inc., Cebuana Cycle Financing, Inc., AFC SME Finance Inc., Global SME Loans, Inc., Wisefund Finance Corp., Cycle Financing Corp., Surecycle Financing Corp., Cepat Kredit Financing, Inc., Forbes Lending Solutions Corporation and Annapolis Finance, Inc. and MarcoPay and its subsidiaries such as MCP Finance, Inc. and MCP Insurance Management and Agency, Inc., and an independent trustee of the MPIC Beneficial Trust Fund. He is also an independent director of Vivant Corporation which is a listed company. He is also a member of the Makati Business Club, Inc. and Management Association of the Philippines. Mr. Cruz joined SGV and Co. (EY Philippines) in 1981 and was admitted to the partnership in 1995. He was later on appointed Chairman and Managing Partner in 2017 until 2019. Concurrent with his role as SGV Chairman and Managing Partner, he was also Chairman and President of the SGV Foundation. He also became President of Association of Certified Public Accountants in Public Practice (ACPAPP) in 2017, and in 2018, assumed the presidency of the ACPAPP Foundation. Mr. Cruz has also been active in supporting the Government's efforts to promote business and trade by participating in Presidential business delegations to various countries, including Thailand during the terms of President Joseph Estrada, President Cory Aquino and President Rodrigo Duterte; Europe and Japan during the term of President Benigno Aquino III; and Russia during the term of President Rodrigo Duterte. Mr. Cruz graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree and is a Certified Public Accountant (CPA). He completed the Advanced Management Program of the Harvard Business School in 2007. He has been conferred with numerous awards, including the "Parangal San Mateo" from the Philippine Institute of Certified Public Accountants. The award is the highest honor given to a CPA in honor of his significant contributions to the accountancy profession. He was also conferred by the Philippine Regulatory Board of Accountancy as a recipient of the Accounting Centenary Award of Excellence given to the 100 most notable CPAs in Philippine Accounting history.

ATTY. DARLENE MARIE B. BERBERABE – (Member, Independent Director) – Atty. Darlene Marie B. Berberabe was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. She is a lawyer, management consultant, and academic. She is the Dean of the University of the Philippines (UP) College of Law and holds directorates in Joy-Nostalg Solaris Inc., Palm Concepcion Power Corporation, PA Alvarez, Katapult Digital and UnionDigital Bank. She is also a faculty member of the Philippine Judicial Academy. She is also elected to the Board of Trustees of The Outstanding Women in Nation Service, Philippine Heart Association and UP Law Alumni Foundation.

She was an associate lawyer in Quisumbing Torres Law Firm with specialization on labor law. Post law firm, she joined Procter & Gamble Philippines where she was a Senior Counsel and member of the Leadership Team. In 2010, she was appointed by the President of the Republic of the Philippines as the CEO of Pag-IBIG Fund. She was a recipient of a number of awards including Outstanding CEO in Asia by the ADFIAP, Outstanding CEO in the public sector by Asia CEO, one of the The Outstanding Women in Nation Service in 2013, and one of the 100 Most Influential Filipino Women in 2014.

She graduated with a degree in Philosophy from UP, summa cum laude and class valedictorian of the College of Social Sciences and Philosophy in 1989. She was the first female Philosophy instructor in the same school where she taught for 10 years, and has a Masters in Philosophy. She was a working student and graduated salutatorian of her class in UP Law in 1999.

MR. JORGE T. MENDIOLA (Member, Non-Executive Director) – Mr. Jorge T. Mendiola has been a director of SM Prime since 2012. He is also currently a Director of SM Retail, Inc. He started his career with The SM Store as a Special Assistant to the Senior Branch Manager in 1989 and rose to become its President in 2011. He is also currently one of the Directors of the Philippine Retailers Association. He received his Master's degree in Business Management from the Asian Institute of Management. He holds an A.B. Economics degree from Ateneo de Manila University.

- We have reviewed and approved the following with regard to our independent auditor, SGV & Co., and our Internal Auditor:

Their respective audit plans, scope, risk-based methods and timetables;

Their assessment of internal controls, including controls over financial reporting; and

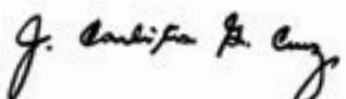
The results of their examinations and Management's action plans to address pending audit issues;

- We have received and reviewed the report of SGV & Co. on significant audit matters, changes in accounting principles and relevant pending tax legislations, which could impact SM Prime;
- We have reviewed and approved the results of all audit services provided by SGV & Co. and related audit fees;
- We have met independently with SGV & Co. to ensure that proper checks and balances are in place within the corporation;
- We have reviewed the internal control system of the Company based on the assessments completed and reported by internal and external auditors and found that the system is adequate and effective;
- We have discussed with SGV & Co. matters required to be discussed by prevailing applicable Philippine Auditing Standards, received written disclosures and the management letter from SGV & Co., as required by prevailing applicable Independence Standards, and discussed with SGV & Co. its independence;
- We have reviewed the financial statements of SM Prime Holdings, Inc. for the first quarter ended March 31, 2024, second quarter ended June 30, 2024, and third quarter ended September 30, 2024;
- After thorough review and discussion, and subject to the limitations on the Committee's roles and responsibilities, we recommended for Board approval, and the Board approved, the audited financial statements of SM Prime Holdings, Inc. for the year ended December 31, 2024; and
- We have reviewed and discussed the performance, independence and qualifications of the independent auditor, SGV & Co., in the conduct of its audit of the financial statements of SM Prime Holdings, Inc. for the year 2024. Based on the review of their performance and qualifications, the Committee also recommends the re-appointment of SGV & Co. as external auditors for 2025.



AMANDO M. TETANGCO, JR.

Chairperson




J. CARLITOS G. CRUZ

Member



DARLENE M. BERBERABE

Member



JORGE T. MENDIOLA

Member

“

I really have fun on the job. I do root cause analysis, and I pick the brains of more experienced colleagues and leaders who are eager to share their knowledge. At the end of the day, **my goal is to help my colleagues and make life easier for our stakeholders.**

BENZ





SyCip Gorres Velayo & Co.
6760 Ayala Avenue
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, Pasay City
Metro Manila, Philippines

Opinion

We have audited the consolidated financial statements of SM Prime Holdings, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue and Cost Recognition

The Company's real estate revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the output method as the measure of progress in determining revenue from sale of real estate; (4) determination of the actual costs incurred as cost of real estate sold; and (5) recognition of cost to obtain a contract.



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In evaluating whether collectability of the amount of consideration is probable, the Company considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of the outstanding receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Company considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Company uses the output method. This method measures progress of work based on physical proportion of work done, including the impact of customized uninstalled materials, on the real estate project which requires technical determination by the Company's project engineers. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers.

In determining the actual costs incurred to be recognized as cost of real estate sold, the Company estimates costs incurred on materials, labor and overhead which include costs that were incurred but not yet billed by the contractor.

The Company identifies sales commissions after contract inception as cost of obtaining a contract. For contracts which qualified for revenue recognition, the related sales commissions are amortized consistent with the revenue recognition.

The disclosures related to the Company's revenue recognition are included in Note 3 to the consolidated financial statements.

Audit Response

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as notice of sales cancellation.

For the determination of the transaction price of real estate sale, we obtained an understanding of the Company's process in the determination of the population of contracts with customers related to real estate sale and election of available practical expedient. We obtained the financing component calculation of management which includes an analysis whether the financing component of the Company's contract with customers is significant. We selected sample contracts from the sales contract database and traced these selected contracts to the calculation prepared by management. For these selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as the contract price, cash discount, payment scheme, payment amortization table, and percentage of completion to the contract provision and projected percentage of completion schedule. We evaluated the Company's application of portfolio approach in the financing component calculation by understanding the rationale and basis of the parameters used (i.e., grouping of performance obligation based on percentage of completion, grouping of contracts based on payment scheme). We test computed the financing component of each portfolio as prepared by management.

For the application of the output method in determining revenue from sale of real estate, we obtained an understanding of the Company's processes for determining the percentage of completion (POC) and performed tests of the relevant controls. We inspected the certified POC reports prepared by the third-party project managers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

For the cost of real estate sold, we obtained an understanding of the Company's cost accumulation process and performed test of controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as contractors billing invoices, certificates of progress acceptance, official receipts and accomplishment reports, among others.



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For the cost to obtain a contract, we selected sample contracts and agreed the basis for calculating the sales commissions, particularly (a) the percentage of commissions due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from sale of real estate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Juan Miguel P. Machuca.

SYCIP GORRES VELAYO & CO.

Juan Miguel P. Machuca
Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-140-2024, February 28, 2024, valid until February 27, 2027

PTR No. 10465328, January 2, 2025, Makati City

February 17, 2025

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19, 26 and 27)	P31,246,171	P31,816,802
Receivables and contract assets (Notes 7, 14, 19, 26 and 27)	92,506,904	76,952,202
Real estate inventories (Note 8)	76,927,527	77,886,781
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 9, 26 and 27)	794,433	747,840
Derivative assets (Notes 26 and 27)	780,087	2,247,073
Prepaid expenses and other current assets (Note 10)	28,426,708	27,804,930
Total Current Assets	230,681,830	217,455,628
Noncurrent Assets		
Equity instruments at FVOCI - net of current portion (Notes 9, 19, 26 and 27)	20,392,800	19,570,212
Investment properties (Notes 12, 17, 25 and 27)	601,339,921	545,074,746
Investments in associates and joint ventures (Note 13)	33,108,359	32,431,195
Property and equipment (Notes 11)	1,493,295	1,554,990
Deferred tax assets - net (Note 24)	1,634,307	1,492,359
Derivative assets - net of current portion (Notes 26 and 27)	3,990,740	3,276,971
Other noncurrent assets (Notes 7, 14, 19, 23, 26 and 27)	126,789,478	122,471,474
Total Noncurrent Assets	788,748,900	725,871,947
	P1,019,430,730	P943,327,575
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 15, 26 and 27)	P17,312,356	P4,288,964
Accounts payable and other current liabilities (Notes 16, 19, 26 and 27)	103,788,961	99,084,851
Current portion of long-term debt (Notes 17, 19, 26 and 27)	89,287,442	67,746,351
Income tax payable	1,606,324	1,295,842
Total Current Liabilities	211,995,083	172,416,008
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17, 19, 26 and 27)	283,320,341	294,622,256
Tenants' and customers' deposits - net of current portion (Notes 16, 25, 26 and 27)	30,528,879	25,301,504
Deferred tax liabilities - net (Note 24)	13,923,287	12,458,096
Derivative liabilities - net of current portion (Notes 26 and 27)	50,447	265,013
Other noncurrent liabilities (Notes 16, 23, 26 and 27)	43,372,203	39,377,662
Total Noncurrent Liabilities	371,195,157	372,024,531
Total Liabilities	583,190,240	544,440,539

(forward)

	December 31	
	2024	2023
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 18 and 28)	P33,166,300	P33,166,300
Additional paid-in capital - net (Notes 5 and 18)	38,164,173	38,159,900
Cumulative translation adjustment	3,135,756	2,556,139
Net fair value changes of equity instruments at FVOCI (Note 9)	17,807,766	16,938,503
Net fair value changes on cash flow hedges (Note 27)	604,031	1,079,094
Remeasurement loss on defined benefit obligation (Note 23) - net	(792,229)	(1,062,437)
Retained earnings (Note 18):		
Appropriated	100,000,000	42,200,000
Unappropriated	243,991,970	266,143,815
Treasury stock (Notes 18 and 28)	(2,984,695)	(2,984,695)
Total Equity Attributable to Equity Holders of the Parent	433,093,072	396,196,619
Non controlling Interests	3,147,418	2,690,417
Total Equity	436,240,490	398,887,036
	P1,019,430,730	P943,327,575

See accompanying Notes to Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

	Years Ended December 31		
	2024	2023	2022
REVENUE			
Rent (Notes 12, 19 and 25)	P78,673,921	P72,113,957	P58,243,913
Real estate sales	45,904,595	42,040,409	39,046,514
Others (Notes 19 and 20)	15,812,356	13,943,175	8,495,208
	140,390,872	128,097,541	105,785,635
COSTS AND EXPENSES (Notes 19, 21 and 23)	72,353,754	66,818,300	56,542,322
INCOME FROM OPERATIONS	68,037,118	61,279,241	49,243,313
OTHER INCOME (CHARGES)			
Interest expense (Notes 7, 15, 17, 19, 22, 26 and 27)	(13,934,024)	(13,963,271)	(11,465,787)
Interest and dividend income (Notes 6, 7, 9, 14, 19 and 22)	2,228,723	2,185,156	1,775,740
Others - net (Notes 11, 12, 13, 16 and 17)	510,648	338,693	(839,262)
	(11,194,653)	(11,439,422)	(10,529,309)
INCOME BEFORE INCOME TAX	56,842,465	49,839,819	38,714,004
PROVISION FOR INCOME TAX (Note 24)			
Current	9,034,395	8,211,259	6,783,913
Deferred	1,268,634	764,715	1,186,962
	10,303,029	8,975,974	7,970,875
NET INCOME	P46,539,436	P40,863,845	P30,743,129
Attributable to:			
Equity holders of the Parent (Notes 18 and 28)	P45,631,764	P40,010,501	P30,099,799
Non-controlling interests (Note 18)	907,672	853,344	643,330
	P46,539,436	P40,863,845	P30,743,129
Basic/Diluted earnings per share (Note 28)	P1.581	P1.387	P1.043
Dividend per share (Note 18)	P0.346	P0.237	P0.097

See accompanying Notes to Consolidated Financial Statements

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
NET INCOME	P46,539,436	P40,863,845	P30,743,129
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) due to changes in fair value of financial assets at fair value through other comprehensive income (Note 9)	869,974	2,705,989	(475,854)
Remeasurement gain (loss) on defined benefit obligation (Note 23) - net	272,552	(134,611)	(383,448)
	1,142,526	2,571,378	(859,302)
Items that may be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment	579,617	(879,032)	351,987
Net fair value changes on cash flow hedges (Note 27)	(475,063)	(1,905,511)	3,417,488
	1,247,080	(213,165)	2,910,173
TOTAL COMPREHENSIVE INCOME	P47,786,516	P40,650,680	P33,653,302
Attributable to:			
Equity holders of the Parent (Notes 18)	P46,876,500	P39,798,392	P33,013,181
Non-controlling interests	910,016	852,288	640,121
	P47,786,516	P40,650,680	P33,653,302

See accompanying Notes to Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

(Amounts in Thousands)

	Equity Attributable to			
	Capital Stock	Additional Paid-in Capital - Net	Cumulative Translation Adjustment	Net fair value changes of equity instruments at fair value through other comprehensive income (FVOCI)
	(Notes 18 and 28)	(Notes 5 and 18)		(Note 9)
At January 1, 2024	P33,166,300	P38,159,900	P2,556,139	P16,938,503
Net income for the year	—	—	—	—
Other comprehensive income (loss)	—	—	579,617	869,974
Total comprehensive income (loss) for the year	—	—	579,617	869,974
Cash dividends (Note 18)	—	—	—	—
Cash dividends received by a subsidiary (Note 18)	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—
Net fair value changes of equity instruments at FVOCI reclassified to retained earnings	—	—	—	(711)
Reversal of appropriation	—	—	—	—
Appropriation during the year	—	—	—	—
Sale of non-controlling interest (Note 18)	—	4,273	—	—
At December 31, 2024	P33,166,300	P38,164,173	P3,135,756	P17,807,766
At January 1, 2023	P33,166,300	P38,124,193	P3,435,171	P14,232,514
Net income for the year	—	—	—	—
Other comprehensive income (loss)	—	—	(879,032)	2,705,989
Total comprehensive income (loss) for the year	—	—	(879,032)	2,705,989
Cash dividends (Note 18)	—	—	—	—
Cash dividends received by a subsidiary (Note 18)	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—
Additional investment of non-controlling interest (Note 2)	—	—	—	—
Sale of non-controlling interest (Note 18)	—	35,707	—	—
At December 31, 2023	P33,166,300	P38,159,900	P2,556,139	P16,938,503
At January 1, 2022, as previously presented	P33,166,300	P38,056,016	P3,083,184	P14,708,368
Effect of common control business combinations (Note 5)	—	44,330	—	—
At January 1, 2022, as adjusted	33,166,300	38,100,346	3,083,184	14,708,368
Net income for the year	—	—	—	—
Other comprehensive income (loss)	—	—	351,987	(475,854)
Total comprehensive income (loss) for the year	—	—	351,987	(475,854)
Cash dividends (Note 18)	—	—	—	—
Cash dividends received by a subsidiary (Note 18)	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—
Sale of non-controlling interest (Note 18)	—	23,847	—	—
At December 31, 2022	P33,166,300	P38,124,193	P3,435,171	P14,232,514

See accompanying Notes to Consolidated Financial Statements.

Equity Holders of the Parent

Net Fair Value Changes on Cash Flow Hedges (Note 27)	Remeasurement Gain (Loss) on Defined Benefit Obligation - net (Note 23)	Retained Earnings (Note 18)		Treasury Stock (Notes 18 and 28)	Total	Non- controlling Interests (Note 18)	Total Equity
		Appropriated	Unappropriated				
P1,079,094	(P1,062,437)	P42,200,000	P266,143,815	(P2,984,695)	P396,196,619	P2,690,417	P398,887,036
-	-	-	45,631,764	-	45,631,764	907,672	46,539,436
(475,063)	(270,208)	-	-	-	1,244,736	2,344	1,247,080
(475,063)	(270,208)	-	45,631,764	-	46,876,500	910,016	47,786,516
-	-	-	(9,992,214)	-	(9,992,214)	-	(9,992,214)
-	-	-	7,894	-	7,894	-	7,894
-	-	-	-	-	-	(454,430)	(454,430)
-	-	-	711	-	-	-	-
-	-	(42,200,000)	42,200,000	-	-	-	-
-	-	100,000,000	(100,000,000)	-	-	-	-
-	-	-	-	-	4,273	1,415	5,688
P604,031	(P792,229)	P100,000,000	P243,991,970	(P2,984,695)	P433,093,072	P3,147,418	P436,240,490
P2,984,605	(P928,882)	P42,200,000	P232,972,284	(P2,984,695)	P363,201,490	P1,950,116	P365,151,606
-	-	-	40,010,501	-	40,010,501	853,344	40,863,845
(1,905,511)	(133,555)	-	-	-	(212,109)	(1,056)	(213,165)
(1,905,511)	(133,555)	-	40,010,501	-	39,798,392	852,288	40,650,680
-	-	-	(6,844,378)	-	(6,844,378)	-	(6,844,378)
-	-	-	5,408	-	5,408	-	5,408
-	-	-	-	-	-	(324,450)	(324,450)
-	-	-	-	-	-	201,000	201,000
-	-	-	-	-	35,707	11,463	47,170
P1,079,094	(P1,062,437)	P42,200,000	P266,143,815	(P2,984,695)	P396,196,619	P2,690,417	P398,887,036
(P432,883)	(P548,643)	P42,200,000	P205,671,557	(P2,984,695)	P332,919,204	P1,441,569	P334,360,773
-	-	-	-	-	44,330	3,277	47,607
(432,883)	(548,643)	42,200,000	205,671,557	(2,984,695)	332,963,534	1,444,846	334,408,380
-	-	-	30,099,799	-	30,099,799	643,330	30,743,129
3,417,488	(380,239)	-	-	-	2,913,382	(3,209)	2,910,173
3,417,488	(380,239)	-	30,099,799	-	33,013,181	640,121	33,653,302
-	-	-	(2,801,286)	-	(2,801,286)	-	(2,801,286)
-	-	-	2,214	-	2,214	-	2,214
-	-	-	-	-	-	(144,050)	(144,050)
-	-	-	-	-	23,847	9,199	33,046
P2,984,605	(P928,882)	P42,200,000	P232,972,284	(P2,984,695)	P363,201,490	P1,950,116	P365,151,606

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P56,842,465	P49,839,819	P38,714,004
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 21 and 25)	15,037,788	13,656,773	12,487,763
Interest expense (Notes 7, 15, 17, 19 and 22)	13,934,024	13,963,271	11,465,787
Interest and dividend income (Notes 6, 7, 9, 14, 19 and 22)	(2,228,723)	(2,185,156)	(1,775,740)
Equity in net earnings of associates and joint ventures (Note 13)	(2,043,010)	(2,162,611)	(1,720,116)
Loss (gain) on:			
Disposals of investment properties and retirement of property and equipment (Notes 11 and 12)	(24,556)	148,140	105,701
Unrealized foreign exchange and fair value changes on derivatives - net	417,027	76,370	826,854
Operating income before working capital changes	81,935,015	73,336,606	60,104,253
Decrease (Increase) in:			
Receivables and contract assets	(23,886,248)	(16,337,056)	(8,760,236)
Real estate inventories	1,117,977	(5,437,721)	(12,462,748)
Prepaid expenses and other current assets	(1,684,842)	(2,068,144)	(762,618)
Increase in:			
Accounts payable and other liabilities	13,338,858	19,253,318	1,830,216
Tenants' and customers' deposits	5,194,630	1,573,478	2,328,183
Cash generated from operations	76,015,390	70,320,487	42,277,050
Income tax paid	(8,726,437)	(7,665,012)	(6,583,777)
Net cash provided by operating activities	67,288,953	62,655,469	35,693,273
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,595,754	1,922,233	1,197,311
Dividends received from investments at FVOCI and in associates and joint ventures	1,960,828	724,446	596,672
Proceeds from disposal of investment properties	464,443	90,067	85,767
Additions to:			
Investment properties (Note 12)	(69,571,345)	(63,772,055)	(38,766,369)
Property and equipment (Note 11)	(154,288)	(341,106)	(198,012)
Decrease (Increase) in other noncurrent assets	1,150,456	(5,338,058)	(15,159,670)
Net cash used in investing activities	(64,554,152)	(66,714,473)	(52,244,301)

(forward)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of bank loans and long-term debt (Notes 15 and 17)	P165,601,237	₱111,562,913	₱94,325,945
Payments of:			
Long-term debt (Note 17)	(72,198,246)	(66,701,374)	(43,863,022)
Loans Payable (Note 15)	(73,673,067)	(29,563,823)	(19,994,859)
Interest	(14,086,273)	(13,782,271)	(11,029,498)
Dividends (Note 18)	(10,438,750)	(7,163,420)	(2,943,122)
Lease liabilities (Notes 16)	(897,760)	(874,140)	(844,353)
Proceeds from matured derivatives - net	2,396,042	294,800	3,274,591
Net cash provided by (used in) financing activities	(3,296,817)	(6,227,315)	18,925,682
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(8,615)	43,039	(90,424)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(570,631)	(10,243,280)	2,284,230
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,816,802	42,060,082	39,775,852
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱31,246,171	₱31,816,802	₱42,060,082

See accompanying Notes to Consolidated Financial Statements.





ASSURANCE AND ESG REFERENCES



EXTERNAL ASSURANCE REPORT, **148**



GRI CONTENT INDEX, **154**



ESG DATA TABLES, **160**



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INDEPENDENT LIMITED ASSURANCE REPORT

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Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, Pasay City
Metro Manila, Philippines

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● **Being a dad drives you to want to build a better product. It plays a big role in how we design and plan everything.** You check: ‘Are the pedestrian walkways wide enough? How will they grow up? How does the master-planning affect the schools? What’s good for them in the future?’ It’s beyond words and it’s very fulfilling.

LUKE



GRI CONTENT INDEX

Statement of use SM Prime has reported the information cited in this GRI content index for the period January 1, 2024 to December 31, 2024 with reference to the GRI Standards.

GRI 1 Used GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	7-9
	2-2 Entities included in the organization's sustainability reporting	7-9
	2-3 Reporting period, frequency and contact point	7-9
	2-4 Restatements of information	121
	2-5 External assurance	134
	2-6 Activities, value chain and other business relationships	94-95
	2-7 Employees	25, 116-121
	2-8 Workers who are not employees	121
	2-9 Governance structure and composition	54-59
	2-10 Nomination and selection of the highest governance body	67
	2-11 Chair of the highest governance body	55-67
	2-12 Role of the highest governance body in overseeing the management of impacts	55-67, 73
	2-13 Delegation of responsibility for managing impacts	55
	2-14 Role of the highest governance body in sustainability reporting	55-67
	2-15 Conflicts of interest	59, 68-69
	2-16 Communication of critical concerns	70, 76-85, 96-107
	2-17 Collective knowledge of the highest governance body	60, 62-65, 86-91
	2-18 Evaluation of the performance of the highest governance body	59-60
	2-19 Remuneration policies	59
	2-20 Process to determine remuneration	59
	2-21 Annual total compensation ratio	117
	2-22 Statement on sustainable development strategy	94-95
	2-23 Policy commitments	68-72, 108

GRI STANDARD		DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-24	Embedding policy commitments	68-72, 108
	2-25	Processes to remediate negative impacts	70, 74, 96-107
	2-26	Mechanisms for seeking advice and raising concerns	70, 74, 96-107
	2-27	Compliance with laws and regulations	68, 72
	2-28	Membership associations	Batangas Industrial Security Alliance Xiamen Huli District Retail Commerce Association International Association of Venue Management Cebu Country Club Inc. Independent Insight Inc. PICPA MMR Management Association of the Philippines People Management Association of the Philippines Employers Confederation of the Philippines Internet and Mobile Marketing Association of the Philippines Philippine Association of National Advertisers Inc. Philippine Society for Talent Association of Human Resources Managers Negros Economic Development Foundation (for Food Waste Management) The Japanese Chamber of Commerce of Mindanao Inc. The American Chamber of Commerce of the Philippines Inc. European Chamber of Commerce of the Philippines Davao City Chamber of Commerce and Industry Inc. Davao HRSMA Inc. PhilGEPS Supplier Registry Tourism Promotions Board Davao Tourism Association Inc. Philippine Tour Operators Association European Chamber of Commerce of the Philippines Inc. The American Chamber of Commerce of the Philippines Inc. Tourism Promotions Board Philippines Hotel, Resort & Restaurant Association of Cebu, Inc. PhilGEPS Philippine Association of Convention/Exhibition Organizers and Suppliers Inc.

GRI STANDARD		DISCLOSURE	LOCATION
	2-28	Membership associations	Association of Certified Fraud Examiners Financial Executives Institute Good Governance Advocates and Practitioners of the Philippines Information Security Audit and Controls Association Institute of Internal Auditors Shareholders Association of the Philippines Inc. The Philippine Stock Exchange Inc. PICPA Membership Renewal HTS_MC Gold CC-US Green Build Council Membership People Management Association of the Philippines
	2-29	Approach to stakeholder engagement	96-107
	2-30	Collective bargaining agreements	SM Prime does not have a Collective Bargaining Agreement (CBA) in place but maintains open communication channels for employees to raise concerns regarding company policies and other relevant matters. This approach ensures constructive dialogue between employees and management.
GRI 3: Material Topics 2021	3-1	Process to determine material topics	94-96
	3-2	List of material topics	94-95
	3-3	Management of material topics	94-107
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	24-25
	201-2	Financial implications and other risks and opportunities due to climate change	112-115
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	14-51
	203-2	Significant indirect economic impacts	122-123
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	There are no operations assessed for risks related to corruption.
	205-2	Communication and training about anti-corruption policies and procedures	72
	205-3	Confirmed incidents of corruption and actions taken	There are no incidents of corruption.

GRI STANDARD		DISCLOSURE	LOCATION	
GRI 206-1: Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	72	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	109	
	302-2	Energy consumption outside of the organization	109	
	302-3	Energy intensity	Scope	Energy Intensity
			Scope 2 / Within Organization	0.00779
			Scope 3 / Outside Organization	0.00638
	302-4	Reduction of energy consumption	109-110	
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	111	
	303-3	Water withdrawal	111	
	303-4	Water discharge	111	
	303-5	Water consumption	111	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	112	
	304-2	Significant impacts of activities, products and services on biodiversity	112	
	304-3	Habitats protected or restored	112	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	110	
	305-2	Energy indirect (Scope 2) GHG emissions	110	
	305-3	Other indirect (Scope 3) GHG emissions	110	
	305-4	GHG emissions intensity	111	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	112	
	306-2	Management of significant waste-related impacts	112	
	306-3	Waste generated	112	
	306-4	Waste diverted from disposal	112	

GRI STANDARD		DISCLOSURE	LOCATION
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	70, 120
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	116-117
	401-3	Parental leave	149
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	82, 120-121
	403-3	Occupational health services	82, 120-121
	403-4	Worker participation, consultation, and communication on occupational health and safety	82, 120-121
	403-5	Worker training on occupational health and safety	120
	403-6	Promotion of worker health	120-121
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	82, 120-121
	403-8	Workers covered by an occupational health and safety management system	82, 120-121
	403-9	Work-related injuriesw	121
	403-10	Work-related ill health	121
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	119
	404-2	Programs for upgrading employee skills and transition assistance programs	119
	404-3	Percentage of employees receiving regular performance and career development reviews	12,602 employees (representing 91.67% of our workforce) underwent regular performance and career development reviews in 2024. This reflects our commitment to fostering employee growth, enhancing skills, and maintaining a culture of continuous improvement.
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	120
	405-2	Ratio of basic salary and remuneration of women to men	117

GRI STANDARD		DISCLOSURE	LOCATION
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There are no incidents of discrimination and corrective actions taken.
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	72
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	103, 122-123
	413-2	Operations with significant actual and potential negative impacts on local communities	SM Prime is committed to fostering positive social and economic development in the communities where we operate. We proactively assess and mitigate any potential impacts, ensuring that our presence contributes to sustainable growth and shared prosperity.
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	120

ESG DATA TABLES

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (in Php MILLIONS)

	2024	2023	2022	2021
Economic value generated	144,663	132,445	109,281	84,528
Operating cost	56,229	52,828	45,559	35,063
Employee wages and benefits	11,272	10,313	8,769	7,110
Payments to providers of capital	24,373	21,127	14,409	11,853
Payments to government	15,161	13,515	11,442	7,959
Community investments	259	198	115	122

GHG EMISSIONS (in MTCO₂E)

	2024	2023	2022	2021
Scope 1	343,209.30	104,349.11	95,229.24	177,811.78
Scope 2	748,799.76	674,639.45	590,101.92	626,011.20
Scope 3	2,958,666.48	864,798.87	769,581.06	706,032.93

TOTAL FUEL CONSUMPTION (in LITER)

	2024	2023	2022	2021
Within the Organization	4,392,346.42	59,717,337.89	37,504,072.43	22,291,104.54
Outside the Organization	1,439,001,024.76	820.43	-	20,909,018.55

TOTAL REFRIGERANT CONSUMPTION (in kg)

	2024	2023	2022	2021
	207,979.48	4,715.82	24,679.55	103,105.48

TOTAL ELECTRICITY CONSUMPTION (in kWh)

	2024	2023	2022	2021
Within the Organization	1,126,783,032.59	1,747,426,573.03	868,089,261.84	819,774,612.61
Outside the Organization	923,223,859.39	189,047,512.55	812,513,356.88	618,864,437.32

TOTAL WATER WITHDRAWAL (in CUBIC METER)

	2024	2023	2022	2021
Third-party utility providers	17,944,425.46	17,293,066.40	15,181,074.13	11,821,398.69
Deepwell	-	0	363,528.49	363,528.49
Seawater	175,665.45	95,128.00	86,143.00	41,007.00
Water hauling	-	0	0	1,280,633.48
Rainwater harvesting	17,026.70			

TOTAL WATER DISCHARGE (in CUBIC METER)

	2024	2023	2022	2021
Third-party water utility/ destination	9,812,272.68	11,187,055.65	464,163.39	1,715,723.58
Surface water		213,615.20	4,795,484.19	2,705,845.79
Groundwater	893.00	-	1,443,827.23	350,288.49
Seawater	109,214.07	-	442,632.41	225,003.66

TOTAL RECYCLED WATER (IN CUBIC METER)

	2024	2023	2022	2021
	5,585,826.46	4,424,985.03	3,578,032.48	4,420,729.51

TOTAL WASTE GENERATED (in TONNE)

	2024	2023	2022	2021
Biodegradable	186,221.46	93,831.28	76,892.17	76,561.44
Recyclable	3,689.00	10,574.78	16,301.20	18,914.19
Residual	95,921.22	48,526.10	56,772.78	59,441.09
Hazardous Waste	4,573.04	4,384.91	1,774.86	1,185.33
Others	6,451.80	8,476.31	13,787.50	9,042.88

TOTAL WASTE DISPOSAL (in TONNE)

	2024	2023	2022	2021
Recycled	3,656.84	11,998.85	2,775.86	1,152.08
Disposed		-	49,770.50	41,832.89
Collected by Accredited Hauler	283,718.65	75,641.21	2,474.51	78,082.94
Others		5,077.34	7,069.10	5,676.37
Sent to Landfill	185.16			

EMPLOYEE PROFILE

	2024	2023	2022	2021
Total Headcount	13,747	12,927	11,329	9,654

EMPLOYEE HEADCOUNT (2024)

	BY GENDER		BY LEVEL			
	Male	Female	Rank-and-file	Junior Management	Middle Management	Senior Management
Head Office	203	116	61	87	146	25
Malls	4,847	3,439	2,992	3,528	1,745	21
SMDC	1,312	1,013	1,427	421	366	111
SMEDD	349	295	39	377	222	6
SMHCC	1,106	818	1,001	597	260	66
CPG	56	53	12	56	40	1
CDHI/HPI	82	58	34	44	59	3

	BY AGE		
	Below 30 years old	Between 30-50 years old	Above 50 years old
Head Office	104	179	36
Malls	3,626	4,381	279
SMDC	1,006	1,216	103
SMEDD	352	250	42
SMHCC	520	1,252	152
CPG	34	69	6
CDHI/HPI	37	82	21

NEW HIRES (2024)

	BY GENDER		BY AGE		
	Male	Female	Below 30 years old	Between 30-50 years old	Above 50 years old
Head Office	24	36	39	18	3
Malls	632	901	1,203	328	2
SMDC	292	332	415	204	5
SMEDD	41	75	95	19	2
SMHCC	160	143	151	138	14
CPG	11	12	16	7	0
CDHI/HPI	24	29	15	29	9

RESIGNATIONS (2024)

	BY GENDER		BY AGE		
	Male	Female	Below 30 years old	Between 30-50 years old	Above 50 years old
Head Office	9	21	23	5	2
Malls	515	717	778	435	19
SMDC	215	237	211	226	15
SMEDD	44	49	57	29	7
SMHCC	188	180	89	255	24
CPG	13	12	11	14	0
CDHI/HPI	6	6	2	10	0

TRAINING HOURS (2024)

Total Hours	466,193.38
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PARENTAL LEAVES (2024)

	MALE		
	Employees who availed parental leaves	Employees who returned to work after parental leave	Employees who remain employed by the company 12 months after their return from parental leave*
Total	138	137	105

	FEMALE		
	Employees who availed parental leaves	Employees who returned to work after parental leave	Employees who remain employed by the company 12 months after their return from parental leave*
Total	432	404	159

ACCESS OUR FULL SUITE OF DISCLOSURES



For the complete set of disclosures, including detailed insights on Value Creation and Sustainability, our Financial Reports and Assurance and ESG References, scan the QR code.

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147 **ASSURANCE AND ESG REFERENCES**



CORPORATE INFORMATION

SM PRIME HOLDINGS, INC.

7/F MOA Square, Seashell Lane corner Coral Way
Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A
Pasay City 1300, Metro Manila, Philippines
T: (632) 8831-1000

Corporate Website: www.smprime.com

Investor Relations

T: (02) 8 862-7942
E: info@smprime.com

Corporate Governance

E: corpgovernance@smprime.com

Stockholder Inquiries

Inquiries regarding dividend payments, account status, change of address, stock certificates and other matters related to shareholder records may be addressed to the company's transfer agent:

BDO Unibank, Inc.

Trust And Investments Group
14th Floor BDO Towers Valero
8741 Paseo de Roxas, Makati City
T: (632) 8878-4964; (632) 8878-4965
E: bdo-stock-transfer@bdo.com.ph

External Auditor

SyCip Gorres Velayo & Co.

1994

SM North Edsa



2000s

Mezza Residences



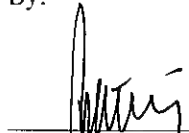
SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of TAGUIG CITY on APR 10 2025

SM PRIME HOLDINGS, INC.

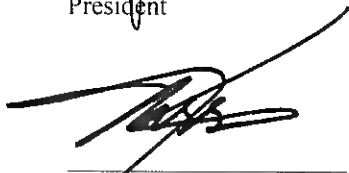
Pursuant to the requirements of the Securities Regulations Code, this annual report has been signed by the following persons in their capacities and on the dates indicated.

By:



JEFFREY C. LIM
President

Date: APR 10 2025  Date: APR 10 2025
JOHN NAI PENG C. ONG
Chief Finance Officer



ELMER B. SERRANO
Corporate Secretary

Date: APR 10 2025

SUBSCRIBED AND SWORN to before me this APR 10 2025 at TAGUIG CITY, affiants exhibiting to me their passports and tax identification, as follows:

NAME	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
JEFFREY C. LIM			
JOHN NAI PENG C. ONG			
ELMER B. SERRANO			

Doc. No. 374 ;
Page No. 76 ;
Book No. 1 ;
Series of 2025


PAUL B. BINAG
Appointment No. 151 (2024-2025)
Notary Public for Taguig City
Until December 31, 2025
Notary's Roll No. 90383
1151 Tower 2, High Street South Corporate Plaza
2nd Street, Bonifacio Global City, Taguig City
ID No. Receipt No. A-5395476; 01.03.25; Taguig City
ID No. Receipt No. 496513; 01.03.25; Quezon City
Admitted to the Bar on December 2023