

COVER SHEET

SEC Registration Number

A S 0 9 4 - 0 0 0 0 8 8

COMPANY NAME

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

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Form Type

1 7 - Q

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address

Company's Telephone Number

8831-1000

Mobile Number

No. of Stockholders

2,332

Annual Meeting
Month/Day

Fiscal Year
Month/Day

March 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Mr. John Nai Peng C. Ong

Email Address

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

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

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

SEC No. AS094-000088
File No.

SM PRIME HOLDINGS, INC.
(Company's Full Name)

**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**
(Company's Address)

8831-1000
(Telephone Numbers)

December 31
(Fiscal Year ending)
(Month and Day)

Form 17-Q for the 1st Quarter of 2024
(Form Type)

N/A
Amendment Designation

March 31, 2024
Period Ended Date

N/A
(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

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

1. For the quarterly period ended **MARCH 31, 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** 6. (SEC Use Only)
- Province, Country or other jurisdiction of incorporation or organization 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** **1300**
Address of principal office Postal Code
8. **(632) 8831-1000**
Registrant's telephone number, including area code
9. **10th Floor Mall of Asia Arena Annex Building, Coral Way cor. J.W. Diokno Blvd., Mall of Asia Complex, Brgy. 76, Zone 10, CBP-1A, Pasay City, Philippines**
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 P1 Par Value	28,879,231,694
Debt Securities - Retail Bonds	P135,432,740,000

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 [☐]

SM Prime Holdings, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at March 31, 2024
(with Comparative Audited Consolidated
Balance Sheet as at December 31, 2023)

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED BALANCE SHEET****March 31, 2024****(With Comparative Audited Figures as at December 31, 2023)***(Amounts in Thousands)*

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 17, 20 and 21)	₱32,184,340	₱31,816,802
Receivables and contract assets (Notes 6, 12, 17, 20 and 21)	73,119,341	76,952,202
Real estate inventories (Notes 7 and 10)	78,039,893	77,886,781
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 8, 20 and 21)	754,314	747,840
Derivative assets (Notes 20 and 21)	1,565,335	2,247,073
Prepaid expenses and other current assets (Note 9)	26,742,442	27,804,930
Total Current Assets	212,405,665	217,455,628
Noncurrent Assets		
Equity instruments at FVOCI - net of current portion (Notes 8, 17, 20 and 21)	21,850,379	19,570,212
Investment properties (Notes 10 and 21)	556,502,264	545,074,746
Investments in associates and joint ventures (Note 11)	33,006,247	32,431,195
Deferred tax assets - net	1,464,558	1,492,359
Derivative assets - net of current portion (Notes 20 and 21)	3,547,571	3,276,971
Other noncurrent assets (Notes 12, 17, 20 and 21)	130,599,516	124,026,464
Total Noncurrent Assets	746,970,535	725,871,947
	₱959,376,200	₱943,327,575
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 13, 20 and 21)	₱18,842,586	₱4,288,964
Accounts payable and other current liabilities (Notes 14, 17, 20 and 21)	101,270,199	99,077,428
Current portion of long-term debt (Notes 15, 17, 20 and 21)	95,459,157	67,746,351
Derivative liabilities (Notes 20 and 21)	31,557	7,423
Income tax payable	2,005,522	1,295,842
Total Current Liabilities	217,609,021	172,416,008
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 15, 17, 20 and 21)	253,039,074	294,622,256
Tenants' and customers' deposits - net of current portion (Notes 14, 20 and 21)	25,897,340	25,301,504
Deferred tax liabilities - net	12,505,785	12,458,096
Derivative liabilities - net of current portion (Notes 20 and 21)	119,325	265,013
Other noncurrent liabilities (Notes 14, 20 and 21)	38,746,598	39,377,662
Total Noncurrent Liabilities	330,308,122	372,024,531
Total Liabilities	547,917,143	544,440,539

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 16 and 23)	P33,166,300	P33,166,300
Additional paid-in capital - net	38,159,900	38,159,900
Cumulative translation adjustment	2,513,708	2,556,139
Net fair value changes of equity instruments at FVOCI (Note 8)	19,225,144	16,938,503
Net fair value changes on cash flow hedges (Note 21)	1,119,188	1,079,094
Remeasurement loss on defined benefit obligation	(1,062,437)	(1,062,437)
Retained earnings (Note 16):		
Appropriated	42,200,000	42,200,000
Unappropriated	276,606,014	266,143,815
Treasury stock (Notes 16 and 23)	(2,984,695)	(2,984,695)
Total Equity Attributable to Equity Holders of the Parent	408,943,122	396,196,619
Non-controlling Interests	2,515,935	2,690,417
Total Equity	411,459,057	398,887,036
	P959,376,200	P943,327,575

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

	Three-Month Periods Ended March 31	
	2024	2023
	(Unaudited)	
REVENUE		
Rent (Notes 10 and 17)	₱18,535,285	₱17,093,460
Real estate sales	8,788,491	8,276,747
Others (Notes 17 and 18)	3,395,696	3,261,578
	30,719,472	28,631,785
COSTS AND EXPENSES (Notes 17 and 19)	16,008,374	14,803,091
INCOME FROM OPERATIONS	14,711,098	13,828,694
OTHER INCOME (CHARGES)		
Interest expense (Notes 6, 13, 15 and 17)	(3,130,424)	(2,637,358)
Interest and dividend income (Notes 5, 6, 8, 12 and 17)	518,638	500,609
Others - net (Notes 11, 14 and 15)	825,234	367,070
	(1,786,552)	(1,769,679)
INCOME BEFORE INCOME TAX	12,924,546	12,059,015
PROVISION FOR INCOME TAX (Note 22)	2,248,329	2,405,160
NET INCOME	₱10,676,217	₱9,653,855
Attributable to:		
Equity holders of the Parent (Notes 16 and 23)	₱10,462,199	₱9,442,327
Non-controlling interests (Note 16)	214,018	211,528
	₱10,676,217	₱9,653,855
Basic/Diluted earnings per share (Note 23)	₱0.363	₱0.327

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	Three-Month Periods Ended March 31	
	2024	2023
	(Unaudited)	
NET INCOME	P10,676,217	P9,653,855
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealized gain due to changes in fair value of FVOCI securities (Note 8)	2,286,641	2,116,487
Items that may be reclassified to profit or loss in subsequent periods:		
Net fair value changes on cash flow hedges (Note 21)	40,094	(604,862)
Cumulative translation adjustment	(42,431)	(555,164)
	2,284,304	956,461
TOTAL COMPREHENSIVE INCOME	P12,960,521	P10,610,316
Attributable to:		
Equity holders of the Parent (Note 16)	P12,746,503	P10,398,788
Non-controlling interests (Note 16)	214,018	211,528
	P12,960,521	P10,610,316

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023

(Amounts in Thousands)

Equity Attributable to Equity Holders of the Parent (Notes 16 and 23)												
	Capital Stock	Additional Paid-in Capital - Net	Cumulative Translation Adjustment	Net fair value changes of equity instruments at FVOCI (Note 8)	Net Fair Value Changes on Cash Flow Hedges (Note 21)	Remeasurement Loss on Defined Benefit Obligation	Retained Earnings (Note 16)		Treasury Stock (Notes 16 and 23)	Total	Non-controlling Interests	Total Equity
	(Notes 16 and 23)						Appropriated	Unappropriated				
At December 31, 2023 (Audited)	P33,166,300	P38,159,900	P2,556,139	P16,938,503	P1,079,094	(P1,062,437)	P42,200,000	P266,143,815	(P2,984,695)	P396,196,619	P2,690,417	P398,887,036
Net income for the period	—	—	—	—	—	—	—	10,462,199	—	10,462,199	214,018	10,676,217
Other comprehensive income (loss)	—	—	(42,431)	2,286,641	40,094	—	—	—	—	2,284,304	—	2,284,304
Total comprehensive income (loss) for the period	—	—	(42,431)	2,286,641	40,094	—	—	10,462,199	—	12,746,503	214,018	12,960,521
Cash dividends declared to a non-controlling interest	—	—	—	—	—	—	—	—	—	—	(388,500)	(388,500)
At March 31, 2024 (Unaudited)	P33,166,300	P38,159,900	P2,513,708	P19,225,144	P1,119,188	(P1,062,437)	P42,200,000	P276,606,014	(P2,984,695)	P408,943,122	P2,515,935	P411,459,057
At December 31, 2022 (Audited)	P33,166,300	P38,124,193	P3,435,171	P14,232,514	P2,984,605	(P928,882)	P42,200,000	P232,972,284	(P2,984,695)	P363,201,490	P1,950,116	P365,151,606
Net income for the period	—	—	—	—	—	—	—	9,442,327	—	9,442,327	211,528	9,653,855
Other comprehensive income (loss)	—	—	(555,164)	2,116,487	(604,862)	—	—	—	—	956,461	—	956,461
Total comprehensive income (loss) for the period	—	—	(555,164)	2,116,487	(604,862)	—	—	9,442,327	—	10,398,788	211,528	10,610,316
Sale of non-controlling interest	—	867	—	—	—	—	—	—	—	867	283	1,150
At March 31, 2023 (Unaudited)	P33,166,300	P38,125,060	P2,880,007	P16,349,001	P2,379,743	(P928,882)	P42,200,000	P242,414,611	(P2,984,695)	P373,601,145	P2,161,927	P375,763,072

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Three-Month Periods Ended March 31	
	2024	2023
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P12,924,546	P12,059,015
Adjustments for:		
Depreciation and amortization (Notes 10, 12 and 19)	3,614,229	3,325,005
Interest expense (Notes 6, 13, 15 and 17)	3,130,424	2,637,358
Equity in net earnings of associates and joint ventures (Note 11)	(577,105)	(563,789)
Interest and dividend income (Notes 5, 6, 8, 12 and 17)	(518,638)	(500,609)
Loss (gain) on:		
Unrealized foreign exchange and fair value changes on derivatives - net	535,381	(120,535)
Disposal of investment properties (Note 10)	23,291	—
Operating income before working capital changes	19,132,128	16,836,445
Increase in:		
Receivables and contract assets	(3,722,828)	(1,307,118)
Real estate inventories	(154,420)	(706,623)
Prepaid expenses and other current assets	(22,514)	(1,535,160)
Increase in:		
Accounts payable and other liabilities	2,759,894	1,022,742
Tenants' and customers' deposits	598,876	516,295
Cash generated from operations	18,591,136	14,826,581
Income tax paid	(1,453,719)	(1,627,847)
Cash provided by operating activities	17,137,417	13,198,734
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	295,909	408,967
Dividends received	110,292	140,041
Net additions to investment properties (Note 10)	(14,856,494)	(15,793,311)
Increase in other noncurrent assets	(697,843)	(7,062,719)
Net cash used in investing activities	(15,148,136)	(22,307,022)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of bank loans and long-term debt (Notes 13 and 15)	19,653,904	11,616,114
Proceeds from matured derivatives	1,132,228	7,600
Payments of:		
Long-term debt (Note 15)	(17,100,058)	(16,546,909)
Bank loans (Note 13)	(3,158,774)	(1,007,319)
Interest	(2,121,962)	(2,370,943)
Lease liabilities	(38,905)	(47,939)
Dividends	(1,350)	(15,000)
Net cash used in financing activities	(1,634,917)	(8,364,396)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	13,174	52,192
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	367,538	(17,420,492)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	31,816,802	42,060,082
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P32,184,340	P24,639,590

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED 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-1A, 1300 Pasay City, Metro Manila, Philippines.

2. Basis of Preparation

The accompanying interim condensed consolidated 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 interim condensed consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional and presentation currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest thousand peso, except when otherwise indicated.

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

Statement of Compliance

The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in

conjunction with the Company's annual audited consolidated financial statements as at December 31, 2023.

Basis of Consolidation

The interim condensed consolidated financial statements include the accounts of the Parent Company and all of its subsidiaries. As at March 31, 2024, there were no changes in the composition of the Company and in the Parent Company's ownership interests in its subsidiaries.

Material Accounting Judgments, Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the 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.

Except as otherwise disclosed, there were no significant changes in the significant accounting judgments, estimates and assumptions used by the Company for the three-month period ended March 31, 2024.

3. Summary of Material Accounting Policy Information

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2023, except for the following amendments which the Company has adopted starting January 1, 2024. Adoption of these pronouncements did not have any material impact on the Company's interim condensed consolidated financial statements.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*, clarify:
 - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*, specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- 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. 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*

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*

4. Segment Information

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

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 coastal development 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 interim condensed 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 interim condensed consolidated financial statements, which is in accordance with PFRS.

Inter-segment Transactions

Inter-segment transactions are eliminated in the interim condensed consolidated financial statements.

Business Segment Data

March 31, 2024 (Unaudited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
(In Thousands)						
Revenue:						
External customers	P18,214,698	P9,100,805	P1,645,851	P1,758,118	P-	P30,719,472
Inter-segment	51,748	1,250	4,833	31,578	(89,409)	-
	P18,266,446	P9,102,055	P1,650,684	P1,789,696	(P89,409)	P30,719,472
Segment results:						
Income before income tax	P9,200,947	P2,349,635	P301,360	P1,102,824	(P30,220)	P12,924,546
Provision for income tax	(1,601,391)	(429,889)	(62,205)	(154,844)	-	(2,248,329)
Net income	P7,599,556	P1,919,746	P239,155	P947,980	(P30,220)	P10,676,217
Net income attributable to:						
Equity holders of the Parent	P7,389,129	P1,916,155	P239,155	P947,980	(P30,220)	P10,462,199
Non-controlling interests	210,427	3,591	-	-	-	214,018
Other information:						
Capital expenditures	P6,403,796	P5,100,316	P659,347	P6,946,841*	P-	P19,110,300
Depreciation and amortization	2,963,669	39,173	156,827	454,560	-	3,614,229

*Includes P4,154 million coastal development

March 31, 2023 (Unaudited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
(In Thousands)						
Revenue:						
External customers	P16,998,483	P8,515,954	P1,495,425	P1,621,923	P-	P28,631,785
Inter-segment	46,214	1,250	2,798	25,636	(75,898)	-
	P17,044,697	P8,517,204	P1,498,223	P1,647,559	(P75,898)	P28,631,785
Segment results:						
Income before income tax	P8,170,694	P2,450,505	P361,458	P1,097,111	(P20,753)	P12,059,015
Provision for income tax	(1,690,869)	(458,601)	(84,233)	(171,457)	-	(2,405,160)
Net income	P6,479,825	P1,991,904	P277,225	P925,654	(P20,753)	P9,653,855
Net income attributable to:						
Equity holders of the Parent	P6,270,378	P1,989,823	P277,225	P925,654	(P20,753)	P9,442,327
Non-controlling interests	209,447	2,081	-	-	-	211,528
Other information:						
Capital expenditures	P18,972,411	P4,183,122	P333,414	P5,397,694*	P-	P28,886,641
Depreciation and amortization	2,756,339	33,510	152,738	382,418	-	3,325,005

*Includes P4,369 million coastal development

March 31, 2024 (Unaudited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
(In Thousands)						
Segment assets	P482,010,468	P347,777,813	P21,474,714	P109,905,016	(P1,791,811)	P959,376,200
Segment liabilities	P320,629,040	P196,861,287	P1,508,699	P30,709,928	(P1,791,811)	P547,917,143

December 31, 2023 (Audited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
(In Thousands)						
Segment assets	P473,704,969	P344,557,303	P17,711,201	P109,171,158	(P1,817,056)	P943,327,575
Segment liabilities	P323,926,223	P195,426,558	P1,308,428	P25,596,386	(P1,817,056)	P544,440,539

For the three-month periods ended March 31, 2024 and 2023, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers. 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. Cash and Cash Equivalents

Cash and cash equivalents comprised the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Cash on hand and in banks (see Note 17)	P9,232,426	P10,239,900
Temporary investments (see Note 17)	22,951,914	21,576,902
	P32,184,340	P31,816,802

Interest income earned from cash in banks and temporary investments amounted to P314 million and P307 million for the three-month periods ended March 31, 2024 and 2023, respectively.

6. Receivables and Contract Assets

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Trade (billed and unbilled):		
Sale of real estate*	P136,994,259	P132,177,723
Rent (see Note 17)	11,627,618	12,823,812
Accrued interest (see Note 17)	377,647	265,371
Nontrade and others (see Note 17)	3,159,674	3,062,977
	152,159,198	148,329,883
Less allowance for expected credit loss (ECLs)	773,633	777,378
	151,385,565	147,552,505
Less noncurrent portion of receivables from sale of real estate (see Note 12)	78,266,224	70,600,303
	P73,119,341	P76,952,202

*Includes unbilled revenue from sale of real estate amounting to P124,110 million and P114,898 million as at March 31, 2024 and December 31, 2023, respectively.

Interest income earned from receivables amounted to P68 million and P53 million for the three-month periods ended March 31, 2024 and 2023, respectively.

The Company assigned billed and unbilled receivables from sale of real estate on a without recourse basis to local banks amounting to ₱1,178 million and nil for the three-month periods March 31, 2024 and 2023, respectively (see Note 17).

The Company also has assigned billed and unbilled receivables from real estate on a with recourse basis to local banks with outstanding balance of ₱217 million as at March 31, 2024 and December 31, 2023. The related liability to the assigned receivables is included in the Company's other current liabilities, bear interest rates of 6.50% as at March 31, 2024 and 5.00% to 6.50% as at December 31, 2023. The fair value of the assigned receivables and liability from assigned receivables approximates their costs (see Note 14).

The total cost of related financing recorded under interest expense amounted to ₱160 million and ₱9 million for the three-month periods ended March 31, 2024 and 2023, respectively.

The movements in the allowance for ECLs related to receivables are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
At beginning of the period	₱777,378	₱721,482
Provisions - net	(3,745)	55,896
At end of the period	₱773,633	₱777,378

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

7. 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 (Audited)	₱43,780,861	₱26,719,164	₱70,500,025
Development cost incurred	22,141,007	—	22,141,007
Cost of real estate sold	(13,166,920)	(3,493,990)	(16,660,910)
Transfers	(1,902,929)	1,902,929	—
Reclassifications from investment properties (see Note 10)	1,807,712	—	1,807,712
Translation adjustment and others	98,606	341	98,947
Balance as at December 31, 2023 (Audited)	52,758,337	25,128,444	77,886,781
Development cost incurred	3,939,159	—	3,939,159
Cost of real estate sold (see Note 19)	(1,866,381)	(1,918,358)	(3,784,739)
Transfers	(1,777,934)	1,777,934	—
Translation adjustment	—	(1,308)	(1,308)
Balance as at March 31, 2024 (Unaudited)	₱53,053,181	₱24,986,712	₱78,039,893

Land and development which pertains to the Company's on-going residential projects and condominium and residential units for sale which pertain to the completed projects are stated at cost as at March 31, 2024 and December 31, 2023.

Contract fulfillment assets, included under land and development, mainly pertain to unamortized portion of land cost totaling ₱1,894 million and ₱1,777 million as at March 31, 2024 and December 31, 2023, respectively.

8. Equity Instruments at FVOCI

This account consists of investments in:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Shares of stock:		
Listed (see Note 17)	₱22,599,376	₱20,312,735
Unlisted	5,317	5,317
	22,604,693	20,318,052
Less noncurrent portion	21,850,379	19,570,212
	₱754,314	₱747,840

Dividend income from investments at FVOCI amounted to ₱110 million for the three-month periods ended March 31, 2024 and 2023.

Unrealized gain on changes in fair value amounting to ₱2,287 million and ₱2,116 million for the three-month periods ended March 31, 2024 and 2023, respectively were included under other comprehensive income.

9. Prepaid Expenses and Other Current Assets

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Input and creditable withholding taxes	₱12,145,652	₱12,030,388
Advances and deposits	8,719,837	8,724,322
Prepaid taxes and other prepayments	5,240,653	6,409,923
Supplies, inventories and others	636,300	640,297
	₱26,742,442	₱27,804,930

10. Investment Properties

The movements in this account are as follows:

	Land, Building and Leasehold Improvements	Building Equipment, Furniture and Others	ROUA	Construction in Progress	Total
	<i>(In Thousands)</i>				
Cost					
Balance as at December 31, 2022 (Audited)	P458,285,480	P56,235,369	P28,168,127	P67,097,946	P609,786,922
Additions	18,207,086	3,108,856	5,719,181	46,548,285	73,583,408
Reclassifications (see Note 7)	26,994,487	2,449,872	—	(31,252,071)	(1,807,712)
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 (Audited)	501,242,440	61,093,358	33,416,089	82,002,808	677,754,695
Additions	2,234,890	607,399	—	12,285,396	15,127,685
Reclassifications	3,115,018	374,439	—	(3,489,457)	—
Translation adjustment	(85,242)	(7,209)	(27,463)	(11,580)	(131,494)
Disposals	(49,111)	(11,529)	—	—	(60,640)
Balance as at March 31, 2024 (Unaudited)	P506,457,995	P62,056,458	P33,388,626	P90,787,167	P692,690,246
Accumulated Depreciation and Amortization					
Balance as at December 31, 2022 (Audited)	P82,599,898	P35,389,089	P2,531,893	P—	P120,520,880
Depreciation and amortization	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 (Audited)	90,506,475	38,908,252	3,265,222	—	132,679,949
Depreciation and amortization (see Note 19)	2,380,687	974,203	208,459	—	3,563,349
Translation adjustment	(22,030)	(2,473)	(1,185)	—	(25,688)
Disposals	(18,791)	(10,837)	—	—	(29,628)
Balance as at March 31, 2024 (Unaudited)	P92,846,341	P39,869,145	P3,472,496	P—	P136,187,982
Net Book Value					
As at December 31, 2023 (Audited)	P410,735,965	P22,185,106	P30,150,867	P82,002,808	P545,074,746
As at March 31, 2024 (Unaudited)	P413,611,654	P22,187,313	P29,916,130	P90,787,167	P556,502,264

The Company disposed certain investment properties during the period. The 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 ₱1,426 million and ₱1,455 million as at March 31, 2024 and December 31, 2023, respectively are mortgaged as collaterals to secure domestic borrowings in China. (see Note 15).

Consolidated rent income from investment properties amounted to ₱18,535 million and ₱17,093 million for the three-month periods ended March 31, 2024 and 2023, respectively. Consolidated costs and expenses from investment properties amounted to ₱10,131 million and ₱9,341 million for the three-month periods ended March 31, 2024 and 2023, respectively.

Construction in progress includes shopping mall and commercial building constructions and landbanking amounted to ₱90,787 million and ₱82,003 million as at March 31, 2024 and December 31, 2023, respectively.

The outstanding contracts with various contractors related to the construction of on-going projects are valued at ₱70,067 million and ₱78,353 million as at March 31, 2024 and December 31, 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 ₱2,014 million and ₱5,791 million and capitalization rates used range from 2.76% to 5.71% and from 2.27% to 5.38% for the three-month period ended March 31, 2024 and for the year ended December 31, 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 market value 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.

11. Investments in Associates and Joint Ventures

The ownership interests in associates and joint ventures are accounted for under the equity method.

As at March 31, 2024, there were no changes in the Company’s ownership interests in its investments in associates and joint ventures.

The movements in this account are as follows:

	Associates	Joint Ventures	Total
	<i>(In Thousands)</i>		
Balance as at December 31, 2022 (Audited)	₱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 (Audited)	21,983,446	10,447,749	32,431,195
Equity in net earnings	317,383	259,722	577,105
Translation	(2,053)	–	(2,053)
Balance as at March 31, 2024 (Unaudited)	₱22,298,776	₱10,707,471	₱33,006,247

The carrying value of investment in Ortigas Land Corporation (OLC) amounted to ₱20,932 million and ₱20,615 million as at March 31, 2024 and December 31, 2023, respectively which consists of its proportionate share in the net assets of OLC and fair value adjustments. The share in profit and total comprehensive income, net of dividend amounted to ₱317 million and ₱345 million for the three-month periods ended March 31, 2024 and 2023, respectively.

The carrying value of investment in Feihua Real Estate (Chongqing) Company Ltd. amounted to ₱1,366 million and ₱1,368 million as at March 31, 2024 and December 31, 2023, respectively including cumulative equity in net earnings amounting to ₱1,068 million and ₱1,070 million as at March 31, 2024 and December 31, 2023, respectively.

The carrying values of investments in Waltermart amounted to ₱8,332 million and ₱8,152 million as at March 31, 2024 and December 31, 2023, respectively. The aggregate share in profit and total comprehensive income amounted to ₱180 million and ₱145 million for the three-month periods ended March 31, 2024 and 2023, respectively.

The carrying value of investment in ST 6747 Resources Corporation amounted to ₱2,376 million and ₱2,296 million as at March 31, 2024 and December 31, 2023, respectively. The aggregate share in profit and total comprehensive income amounted to ₱80 million and ₱74 million for the three-month periods ended March 31, 2024 and 2023, respectively.

The Company has no outstanding contingent liabilities or capital commitments related to its investments in associates and joint ventures as at March 31, 2024 and December 31, 2023.

12. Other Noncurrent Assets

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Receivables from sale of real estate - net of current portion* (see Note 6)	₱78,266,224	₱70,600,303
Bonds and deposits	45,726,544	46,894,238
Escrow and time deposits (see Note 17)	3,910,817	3,656,453
Property and equipment - net of accumulated depreciation of ₱2,635 million and ₱2,584 million, respectively (see Note 19)	1,547,565	1,554,990
Deferred input tax	621,702	779,864
Others	526,664	540,616
	₱130,599,516	₱124,026,464

*Pertains to noncurrent portion of unbilled revenue from sale of real estate (see Note 6).

Interest income earned from escrow and time deposits amounted to ₱26 million and ₱30 million for the three-month periods ended March 31, 2024 and 2023, respectively.

13. Loans Payable

As at March 31, 2024, this account consists of U.S. dollar and China yuan renminbi denominated loans from foreign banks amounting to ₱18,843 million, with due dates of less than one year. These loans bear secured overnight financing rate (SOFR) and loan prime rate (LPR), respectively. The U.S. dollar denominated loans were hedged against foreign exchange risk using derivative instrument.

As at December 31, 2023, this account consists of Philippine peso and China yuan renminbi denominated loans from local and foreign banks amounting to ₱4,289 million, with due dates of less than one year. These loans bear weighted average interest rate of 3.56% and LPR, respectively.

Interest expense incurred from loans payable amounted to ₱19 million and ₱61 million for the three-month periods ended March 31, 2024 and 2023, respectively.

14. Accounts Payable and Other Current Liabilities

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Trade payables (see Note 17)	P48,700,835	P51,655,918
Tenants' and customers' deposits*	42,987,701	39,678,216
Accrued operating expenses	18,944,297	15,834,744
Deferred output VAT	14,621,394	14,411,482
Lease liabilities	13,274,207	13,313,112
Retention payable	8,994,632	8,834,072
Accrued interest (see Note 17)	3,835,563	2,827,101
Liability for purchased land	3,569,650	5,042,435
Payable to government agencies	594,113	854,877
Nontrade	440,597	437,049
Liability from assigned receivables and others (see Note 6)	2,829,359	2,822,122
	158,792,348	155,711,128
Less noncurrent portion	57,522,149	56,633,700
	P101,270,199	P99,077,428

*Includes unearned revenue from sale of real estate amounting to P10,464 million and P7,018 million as at March 31, 2024 and December 31, 2023, respectively.

Lease liabilities included in "Other noncurrent liabilities" amounted to P13,136 million and P13,181 million as at March 31, 2024 and December 31, 2023, respectively. Interest on lease liabilities included under "Others - net" in the interim consolidated statements of income amounted to P86 million and P124 million for the three-month periods ended March 31, 2024 and 2023, respectively.

The undiscounted payments of lease liabilities are scheduled as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Within 1 year	P882,709	P874,205
More than 1 year to 5 years	3,588,021	3,539,853
More than 5 years	27,483,018	27,505,845
	P31,953,748	P31,919,903

Accrued operating expenses consist of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Payable to contractors	P10,189,717	P9,400,962
Utilities	4,203,280	2,468,876
Marketing and advertising and others	4,551,300	3,964,906
	P18,944,297	P15,834,744

15. Long-term Debt

This account consists of:

	Availment Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
				(In Thousands)	
Philippine peso-denominated loans	September 1, 2014 - March 25, 2024	April 25, 2024 - April 22, 2032	Floating BVAL + margin; Fixed 5.45%	₱270,790,240	₱269,313,740
U.S. dollar-denominated loans*	April 15, 2019 - June 30, 2022	February 28, 2024 - June 9, 2027	LIBOR + spread; quarterly; SOFR + spread; quarterly	68,612,829	84,350,144
China yuan renminbi-denominated loans**	May 6, 2021 - March 12, 2024	April 20, 2026 - June 24, 2037	LPR, SOFR; annually; Fixed - 3.65%	10,779,444	10,590,461
				350,182,513	364,254,345
Less debt issue cost				1,684,282	1,885,738
				348,498,231	362,368,607
Less current portion				95,459,157	67,746,351
				₱253,039,074	₱294,622,256

LIBOR – London Interbank Offered Rate

BVAL – Bloomberg Valuation Service

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

***Secured by portions of investment properties located in China (see Note 10).*

Debt Issue Cost

The movements in unamortized debt issue cost of the Company as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of the year	₱1,885,738	₱2,112,928
Additions	13,858	645,502
Amortization	(215,314)	(872,692)
Balance at end of the year	₱1,684,282	₱1,885,738

Amortization of debt issue cost is recognized in the interim consolidated statements of income under under “Others - net” account.

Repayment Schedule

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

	Gross Loan	Debt Issue Cost	Net
		<i>(In Thousands)</i>	
Within 1 year	₱96,182,623	(₱723,466)	₱95,459,157
More than 1 year to 5 years	221,438,836	(929,374)	220,509,462
More than 5 years	32,561,054	(31,442)	32,529,612
	₱350,182,513	(₱1,684,282)	₱348,498,231

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 March 31, 2024 and December 31, 2023, the Company is in compliance with the terms of its loan covenants.

Interest expense incurred from long-term debt amounted to ₱2,952 million and ₱2,567 million for the three-month periods ended March 31, 2024 and 2023, respectively.

16. Equity

Capital Stock

As at March 31, 2024 and December 31, 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 (see Note 23).

As at March 31, 2024 and December 31, 2023, the Company has 28,856 million outstanding shares.

Retained Earnings

In 2023, the Board of Directors (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 SM Development Corporation. This was paid on May 24, 2023.

As at March 31, 2024 and December 31, 2023, the amount of retained earnings appropriated for the continuous corporate and mall expansions amounted to ₱42,200 million. This represents appropriation for land banking activities and planned construction projects for the next

two to three years. The appropriation is being fully utilized to cover part of the annual capital expenditure requirement of the Company. Approval of malls expansions and new projects is delegated by the BOD to the Executive Committee of the Company.

For the year 2024, the Company is looking at ₱100,000 million for its capital expenditure program.

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 unappropriated retained earnings available for dividend declaration amounted to ₱119,562 million and ₱115,550 million as at March 31, 2024 and December 31, 2023, respectively.

Treasury Stock

As at March 31, 2024 and December 31, 2023, the Company has 4,310 million shares of treasury stock (see Note 23). This includes reacquired capital stock and shares held by a subsidiary, stated at acquisition cost of ₱2,985 million as at March 31, 2024 and December 31, 2023.

17. Related Party Transactions

The significant related party transactions entered into by the Company with SMIC, bank and retail of SM Group and other related parties and the amounts included in the accompanying interim condensed consolidated financial statements with respect to these transactions follow:

	Amount of Transactions		Outstanding Amount [Asset (Liability)]		Terms	Conditions
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)		
<i>(In Thousands)</i>						
Ultimate Parent						
Rent income	₱18,454	₱17,025	₱–	₱–		
Rent receivable	–	–	11,225	7,899	Non-interest bearing	Unsecured; not impaired
Other revenues	9,030	8,918	–	–		
Other receivable	–	–	3,824	2,912	Non-interest bearing	Unsecured; not impaired
Rent expense	19,506	24,711	–	–		
Trade payable	–	–	(30,626)	(34,882)	Non-interest bearing	Unsecured
Equity instruments at FVOCI	–	–	142,013	127,403		
Bank and Retail Group						
Cash and cash equivalents	46,883,514	41,621,860	24,809,630	23,451,912	Interest bearing based on prevailing rates	Unsecured; not impaired
Rent income	4,248,302	4,149,027	–	–		
Rent receivable	–	–	2,529,303	3,388,569	Non-interest bearing	Unsecured; not impaired
Other receivable	–	–	8,441	9,355	Non-interest bearing	Unsecured; not impaired
Interest income	301,525	227,339	–	–		
Accrued interest receivable	–	–	265,707	197,130	Non-interest bearing	Unsecured; not impaired
Receivable financed	1,177,769	–	–	–	Without recourse	Unsecured
Dividend income	81,022	81,022	–	–		
Equity instruments at FVOCI	–	–	16,690,523	14,097,820		
Escrow and time deposits	257,063	79,463	1,535,813	1,277,880	Interest bearing based on prevailing rates	Unsecured; not impaired
Long-term debt	–	–	(20,754,711)	(20,746,834)	Interest bearing based	Unsecured
Interest expense	442,425	251,945	–	–		
Accrued interest payable	–	–	(158,237)	(176,640)	Non-interest bearing	Unsecured
Other expense	54,622	53,045	–	–		
Trade payable	–	–	(44,331)	(159,999)	Non-interest bearing	Unsecured

	Amount of Transactions		Outstanding Amount [Asset (Liability)]		Terms	Conditions
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)		
(In Thousands)						
Other Related Parties						
Rent income	P104,641	P92,094	P–	P–		
Rent receivable	–	–	81,466	74,676	Non-interest bearing	Unsecured; not impaired
Other revenues	32,740	30,402	–	–		
Other receivable	–	–	18,031	17,148	Non-interest bearing	Unsecured; not impaired
Rent expense	112	105	–	–		
Trade payable	–	–	(3,757)	(10,772)	Non-interest bearing	Unsecured

Compensation of Key Management Personnel

The aggregate compensation and benefits related to key management personnel for the three-month periods ended March 31, 2024 and 2023 consist of short-term employee benefits amounting to P351 million and P272 million, respectively, and post-employment benefits (pension benefits) amounting to P77 million and P61 million, respectively.

18. Other Revenues

This account consists of:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
<i>(In Thousands)</i>		
Merchandise sales	P847,524	P796,494
Cinema and event ticket sales	842,072	897,779
Food and beverages	619,222	563,432
Amusement income	368,746	349,845
Bowling and ice skating fees	105,575	94,535
Advertising and others (see Note 17)	612,557	559,493
	P3,395,696	P3,261,578

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

19. Costs and Expenses

This account consists of:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
	<i>(In Thousands)</i>	
Administrative (see Note 17)	P4,019,753	P3,548,789
Cost of real estate sold (see Note 7)	3,784,739	3,366,067
Depreciation and amortization (see Notes 10 and 12)	3,614,229	3,325,005
Business taxes and licenses	1,507,271	1,575,690
Marketing and selling expenses	1,383,940	1,606,606
Film rentals	408,023	432,027
Rent (see Note 17)	363,647	327,478
Insurance	157,764	137,528
Others	769,008	483,901
	P16,008,374	P14,803,091

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

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 to manage the interest rate and foreign currency risks arising from 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, 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.

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. Approximately 76% and 78% of its long-term borrowings as at March 31, 2024 and December 31, 2023, respectively are at a fixed rate of interest after taking into account the effect of interest rate swap.

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 derivative instruments 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\$40 million (₱2,245 million) as at March 31, 2024 and US\$18 million (₱1,003 million) and December 31, 2023.

In translating the foreign currency-denominated monetary assets to peso amounts, the exchange rates used were ₱56.24 to US\$1.00 and ₱55.37 to US\$1.00, the Philippine peso to US dollar exchange rates as at March 31, 2024 and December 31, 2023, respectively.

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, debt capital and equity market issues.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instruments 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.

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 at FVOCI in the interim 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.

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.

21. Financial Instruments

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities and nonfinancial assets and its related fair value hierarchy, by category and by class, other than those whose carrying values are reasonable approximations of fair values:

	March 31, 2024 (Unaudited)				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
<i>(In Thousands)</i>					
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	P5,112,906	P5,112,906	P–	P5,112,906	P–
Financial assets at amortized cost:					
Escrow and time deposits (included under “Other noncurrent assets”)	3,910,817	3,964,776	–	3,964,776	–
Financial assets at FVOCI:					
Equity instruments	22,604,693	22,604,693	22,599,376	–	5,317
Nonfinancial Assets*	556,502,264	2,106,177,901	–	–	2,106,177,901
	P588,130,680	P2,137,860,276	P22,599,376	P9,077,682	P2,106,183,218
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P150,882	P150,882	P–	P150,882	P–
Loans and borrowings:					
Long-term debt - net of current portion	253,039,074	243,416,028	–	–	243,416,028
Tenants’ deposits - net of current portion**	25,534,256	25,255,137	–	–	25,255,137
Other noncurrent liabilities***	10,612,093	10,389,154	–	–	10,389,154
	P289,336,305	P279,211,201	P–	P150,882	P279,060,319

*Consists of investment properties

**Excluding residential customers’ deposits amounting to P363 million as at March 31, 2024.

***Excluding lease liabilities and nonfinancial liabilities amounting to P28,135 million as at March 31, 2024.

	December 31, 2023 (Audited)				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
<i>(In Thousands)</i>					
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*	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

	December 31, 2023 (Audited)				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱272,436	₱272,436	₱—	₱272,436	₱—
Loans and borrowings:					
Liability for purchased land - net of current portion	539,959	514,635	—	—	514,635
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***	10,603,148	10,482,842	—	—	10,482,842
	₱331,043,768	₱319,208,773	₱—	₱272,436	₱318,936,337

*Consists of investment properties

**Excluding residential customers' deposits amounting to ₱296 million as at December 31, 2023.

***Excluding lease liabilities and nonfinancial liabilities amounting to ₱28,235 million as at December 31, 2023.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities, except for related embedded derivatives which are either classified as Level 2 or 3;

Level 2: Those measured using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and,

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the three-month period ended March 31, 2024 and the year ended December 31, 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 observable market inputs.

Financial assets 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.

Nonfinancial Assets. The significant assumptions used in the most recent valuation determined on December 31, 2021 are discount rates of 8.00% to 9.00% and average growth rate of 5.00%, respectively. Management believes that the carrying values of additions to investment properties subsequent to the most recent valuation date would approximate their fair values.

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 March 31, 2024 and December 31, 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. 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 March 31, 2024 and December 31, 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 1.74% to 7.04% and 2.08% to 6.91% as at March 31, 2024 and December 31, 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 offset in the interim consolidated balance sheets.

Derivative Instruments Accounted for as Cash Flow Hedges

As at March 31, 2024 and December 31, 2023, the Company have outstanding arrangements, such as cross currency swaps, interest rate swaps, principal only swaps and foreign exchange forward swaps, to hedge both foreign currency and interest rate exposures on its foreign currency denominated debts.

The net movements in fair value of all derivative instruments are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of period	P5,251,608	P7,024,421
Net changes in fair value during the period*	861,439	(1,206,733)
Fair value of settled derivatives	(1,151,023)	(566,080)
Balance at end of period	P4,962,024	P5,251,608

*Includes fair value changes in other comprehensive income.

As the terms of the swaps have been negotiated to match the terms of the hedged loans, the hedges were assessed to be effective.

22. Provision for Income Tax

The details of the Company's provision for income tax are as follows:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
	<i>(In Thousands)</i>	
Provision for current tax	P2,163,633	P1,898,257
Provision for deferred tax	84,696	506,903
	P2,248,329	P2,405,160

23. EPS Computation

Basic/diluted EPS is computed as follows:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
	<i>(In Thousands, Except Per Share Data)</i>	
Net income attributable to equity holders of the Parent (a)	P10,462,199	P9,442,327
Common shares issued (see Note 16)	33,166,300	33,166,300
Less weighted average number of treasury stock (see Note 16)	4,309,889	4,309,889
Weighted average number of common shares outstanding (b)	28,856,411	28,856,411
Earnings per share (a/b)	P0.363	P0.327

SM Prime Holdings, Inc. and Subsidiaries
Aging of Accounts Receivable and Contract Assets
As at March 31, 2024
(Amounts in Thousands)

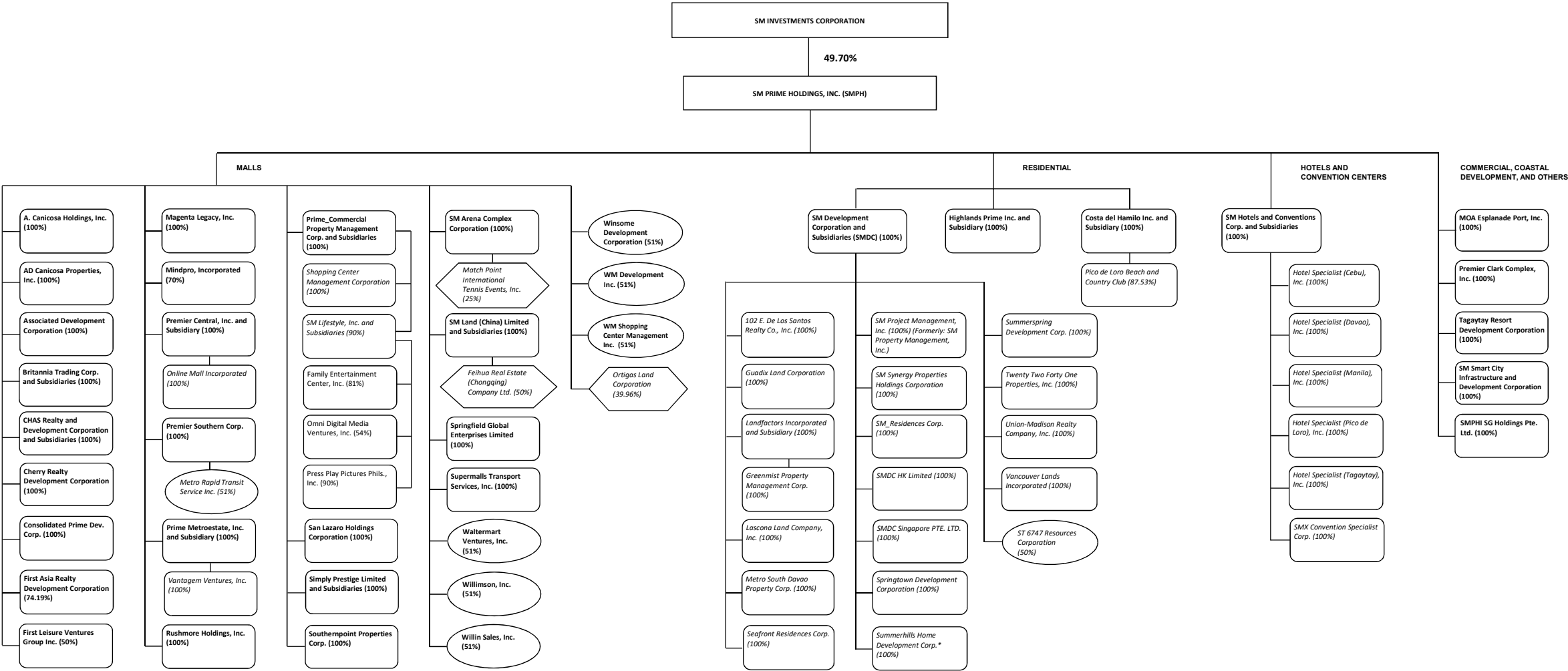
Trade (billed and unbilled):	
Sale of real estate	P136,994,259
Rent	11,627,618
Accrued interest	377,647
Nontrade and others	3,159,674
	152,159,198
Less allowance for ECLs	773,633
	151,385,565
Less noncurrent portion of receivables from sale of real estate	78,266,224
	P73,119,341

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

Neither past due nor impaired	P136,189,498
Past due but not impaired:	
Less than 30 days	2,914,664
31–90 days	3,759,826
91–120 days	2,873,163
Over 120 days	5,648,414
Impaired	773,633
	P152,159,198

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

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
As of March 31, 2024



* Summerhills Home Development Corp. is 79.6% owned by SMDC and 20.4% owned by SMPH
Note: % Refers to Effective Ownership

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL RATIOS - KEY PERFORMANCE INDICATORS
AS OF MARCH 31, 2024 and DECEMBER 31, 2023

Ratio	Formula	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>(amounts in thousands, except ratios)</i>			
Current Ratio	Total Current Assets divided by Total Current Liabilities		
	Total current assets	₱212,405,665	₱217,455,628
	Current liabilities	217,609,021	172,416,008
	Less: Loans payable*	(18,842,586)	(4,288,964)
	Current portion of long-term debt*	(95,459,157)	(67,746,351)
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	103,307,278	100,380,693
	Current ratio	2.06	2.17
	<i>*due for refinancing</i>		
Acid Test Ratio	Quick Assets divided by Total Current Liabilities		
	Cash and cash equivalents	₱32,184,340	₱31,816,802
	Receivables and contract assets	73,119,341	76,952,202
	Equity instruments at fair value through other comprehensive income - current	754,314	747,840
	Quick assets	106,057,995	109,516,844
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	103,307,278	100,380,693
	Acid test ratio	1.03	1.09
Solvency Ratio	Total Assets divided by Total Liabilities		
	Total assets	₱959,376,200	₱943,327,575
	Divided by: Total liabilities	547,917,143	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	₱18,842,586	₱4,288,964
	Current portion of long-term debt	95,459,157	67,746,351
	Long-term debt - net of current portion	253,039,074	294,622,256
	Total interest-bearing debt (a)	367,340,817	366,657,571
	Add: Total equity attributable to equity holders of the parent (b)	408,943,122	396,196,619
	Total interest-bearing debt and equity attributable to equity holders of the parent (c)	776,283,939	762,854,190
	Debt to equity ratio (a/c):(b/c)	47:53	48:52

Ratio	Formula	March 31, 2024 (Unaudited)	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 and Investment Securities divided by Total Equity Attributable to the Equity Holders of the Parent		
	Total interest-bearing debt	₱367,340,817	₱366,657,571
	Less: Cash and cash equivalents	(32,184,340)	(31,816,802)
	Total net interest-bearing debt (a)	335,156,477	334,840,769
	Add: Total equity attributable to equity holders of the parent (b)	408,943,122	396,196,619
	Total net interest-bearing debt and equity attributable to equity holders of the parent (c)	744,099,599	731,037,388
	Net debt-to-equity ratio (a/c):(b/c)	45:55	46:54
Asset to Equity Ratio	Total assets divided by Total Equity Attributable to the Equity Holders of the Parent		
	Total assets	₱959,376,200	₱943,327,575
	Divide by: Total equity attributable to equity holders of the parent	408,943,122	396,196,619
	Asset to equity ratio	2.35	2.38
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	₱41,030,373*	₱40,010,501
	Divide by: Average total equity attributable to equity holders of the parent	402,569,870	379,699,054
	Return on equity <i>*rolling</i>	10%	11%
Net Income Margin	Net Income divided by Total Revenue		
	Net income attributable to equity holders of the parent	₱10,462,199	₱40,010,501
	Divide by: Total revenue	30,719,472	128,097,541
	Net income margin	34%	31%
Interest Rate Coverage Ratio	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Total Interest Expense		
	Income from operations	₱14,711,098	₱61,279,241
	Less: Net income attributable to non-controlling interest	(214,018)	(853,344)
	Add: Depreciation and amortization	3,614,229	13,656,773
	EBITDA	18,111,309	74,082,670
	Divide by: Interest expense	3,130,424	13,963,271
	Interest rate coverage ratio	5.79	5.31

Ratio	Formula	March 31, 2024 (Unaudited)	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	₱367,340,817	₱366,657,571
	Divide by: EBITDA	75,252,004*	74,082,670
	Debt to EBITDA	4.88	4.95
	<i>*rolling</i>		
Return on Investment Properties	Net Income divided by Average Investment Properties		
	Net income attributable to equity holders of the parent	₱41,030,373*	₱40,010,501
	Divide by: Total average investment properties (excluding construction in progress)	464,393,518	442,620,017
	Return on investment properties	9%	9%
	<i>*rolling</i>		

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SM Prime's Consolidated Net Income up by 11% in 1Q2024 to ₱10.5 billion

Financial and Operational Highlights

(In Million Pesos, except for financial ratios and percentages)

	Three Months Ended March 31				
	2024	% to Revenues	2023	% to Revenues	% Change
Profit and Loss Data					
Revenues	30,719	100%	28,632	100%	7%
Costs and Expenses	16,008	52%	14,803	52%	8%
Operating Income	14,711	48%	13,829	48%	6%
Net Income	10,462	34%	9,442	33%	11%
EBITDA	18,111	59%	16,942	59%	7%
	Mar 31 2024	% to Total Assets	Dec 31 2023	% to Total Assets	% Change
Balance Sheet Data					
Total Assets	959,376	100%	943,328	100%	2%
Investment Properties	556,502	58%	545,075	58%	2%
Total Debt	367,341	38%	366,658	39%	0%
Net Debt	335,156	35%	334,841	35%	0%
Total Equity	408,943	43%	396,197	42%	3%
	Consolidated		Recurring Business		
	Mar 31 2024	Dec 31 2023	Mar 31 2024	Dec 31 2023	
Financial Ratios					
Current Ratio*	2.06	2.17	2.41	2.54	
Acid Test Ratio*	1.03	1.09	1.22	1.29	
Solvency Ratio	1.75	1.73	1.80	1.77	
Debt to Equity	47 : 53	48 : 52	47 : 53	48 : 52	
Net Debt to Equity	45 : 55	46 : 54	44 : 56	45 : 55	
Asset to Equity	2.35	2.38	2.29	2.34	
Return on Equity	0.10	0.11	0.10	0.11	
Net Income Margin	0.34	0.31	0.34	0.31	
Interest Coverage Ratio	5.79	5.31	5.79	5.31	
Debt to EBITDA	4.88	4.95	4.61	4.74	
Return on Investment Properties	0.09	0.09	0.09	0.09	

*excluding loans payable and current portion of long-term debt due for refinancing

Revenues

SM Prime recorded consolidated revenues of ₱30.72 billion in the first quarter of 2024, an increase of 7% compared to ₱28.63 billion in the same period of 2023, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱18.54 billion in the first quarter of 2024, an 8% increase from ₱17.09 billion in the same period of 2023. 85% is contributed by the malls while 15% is from offices and hotels and convention centers. Philippine mall rent income increased by 9% to ₱14.09 billion in 2024 compared to ₱12.98 billion in the same period in 2023.

Real Estate Sales

SM Prime recorded real estate sales of ₱8.79 billion in the first quarter of 2024 compared to ₱8.28 billion in the same period of 2023. Reservation sales is at ₱26.51 billion in the first quarter of 2024.

Other Revenues

SM Prime's other revenues increased to ₱3.40 billion in the first quarter of 2024 from ₱3.26 billion in the same period in 2023. Other revenues include cinema ticket sales, sponsorships and advertising revenues, bowling operations and sale of food and beverages in hotels. Cinema movies shown during the first quarter of the year includes Rewind, Mallari, Aquaman and The Lost Kingdom, Kung Fu Panda 4 and Dune: Part Two.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱16.01 billion in the first quarter of 2024, an increase of 8% from ₱14.80 billion in the same period in 2023, 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 57% in 2024.

Other Income (Charges)

Interest Expense

SM Prime's consolidated interest expense increased to ₱3.13 billion in the first quarter of 2024 compared to ₱2.64 billion in the same period in 2023 mainly due to 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 by 55% to ₱1.34 billion in 2024 compared to ₱0.87 billion in the same period in 2023. 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 is at ₱2.25 billion in 2024 compared to ₱2.41 billion in the same period in 2023.

Net income attributable to Parent

SM Prime's consolidated net income attributable to Parent increased by 11% to ₱10.46 billion in the first quarter of 2024 compared to ₱9.44 billion in the same period in 2023.

Balance Sheet Accounts

SM Prime's total assets amounted to ₱959.38 billion and ₱943.33 billion as of March 31, 2024 and December 31, 2023, respectively.

Receivables and contract assets decreased by 5% to ₱73.12 billion from ₱76.95 billion as of March 31, 2024 and December 31, 2023, respectively, mainly due to collections made for the period.

Equity instruments at fair value through other comprehensive income (FVOCI) increased to ₱22.60 billion from ₱20.32 billion as of March 31, 2024 and December 31, 2023, respectively, with equivalent increase in net fair value changes of equity instruments at FVOCI to ₱19.23 billion from ₱16.94 billion as of March 31, 2024 and December 31, 2023, respectively, due to changes in fair values under this portfolio.

Derivative assets - net decreased by 6% to ₱4.96 billion from ₱5.25 billion as of March 31, 2024 and December 31, 2023, 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 increased to ₱1.12 billion from ₱1.08 billion unrealized gain as of March 31, 2024 and December 31, 2023, respectively.

Other noncurrent assets, which includes noncurrent portion of receivables from sale of real estate and bonds and deposits for real estate acquisitions, increased by 5% to ₱130.60 billion from ₱124.03 billion as of March 31, 2024 and December 31, 2023, respectively.

Loans payable increased to ₱18.84 billion from ₱4.29 billion as of March 31, 2024 and December 31, 2023, respectively, due to loan availments, net of payments for the period.

Income tax payable increased to ₱2.01 billion from ₱1.30 billion as of March 31, 2024 and December 31, 2023, respectively, mainly due to provisions, net of payments made during the period.

Non-controlling interests decreased by 6% to ₱2.52 billion from ₱2.69 billion as of March 31, 2024 and December 31, 2023, respectively, due to dividends declared for the period, net of increase in net income attributable to non-controlling interests.

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 March 31, 2024 and December 31, 2023, 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.

SM Prime currently has sixty-seven residential projects, forty-seven of which are in Metro Manila and twenty are outside Metro Manila. The Company aims to launch 8,000 to 10,000 residential units in 2024.

As of March 31, 2024, SM Prime's malls business unit has eighty-five shopping malls in the Philippines with 9.2 million square meters of gross floor area (GFA) and eight shopping malls in China with 1.6 million square meters of GFA. In 2024, the Company will open four new malls in the Philippines namely SM City Caloocan, SM City J Mall, SM City La Union and SM City Laoag. These new malls will provide an addition of 0.44 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 six convention centers, two trade halls and ten hotels with over 2,600 rooms.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SM Prime's Consolidated Net Income up by 27% in 1Q 2023 to ₱9.4 billion

Financial and Operational Highlights

(In Million Pesos, except for financial ratios and percentages)

		Three Months Ended March 31			
	2023	% to Revenues	2022	% to Revenues	% Change
Profit and Loss Data					
Revenues	28,632	100%	23,893	100%	20%
Costs and Expenses	14,803	52%	13,203	55%	12%
Operating Income	13,829	48%	10,690	45%	29%
Net Income	9,442	33%	7,416	31%	27%
EBITDA	16,942	59%	13,484	56%	26%

	Mar 31 2023	% to Total Assets	Dec 31 2022	% to Total Assets
Balance Sheet Data				
Total Assets	878,907	100%	874,215	100%
Investment Properties	504,114	57%	489,266	56%
Total Debt	343,921	39%	352,397	40%
Net Debt	319,281	36%	310,337	35%
Total Equity	373,601	43%	363,201	42%

	Mar 31 2023	Dec 31 2022
Financial Ratios		
Current Ratio*	2.33	2.50
Acid test Ratio*	1.21	1.41
Solvency Ratio	1.75	1.72
Debt to Equity	48 : 52	49 : 51
Net Debt to Equity	46 : 54	46 : 54
Asset to Equity	2.35	2.41
Return on Equity	0.10	0.09
Net Income Margin	0.33	0.28
Interest Coverage Ratio	6.45	5.33
Debt to EBITDA	5.06	5.77
Return on Investment Properties	0.09	0.07

*excluding loans payable and current portion of long-term debt due for refinancing

Revenues

SM Prime recorded consolidated revenues of ₱28.63 billion in the first quarter of 2023, an increase of 20% compared to ₱23.89 billion in the same period of 2022, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱17.09 billion in the first quarter of 2023, a 56% increase from ₱10.97 billion in the same period of 2022. Malls operate on a new normal with the easing of mobility restrictions. Of the total rental revenues, 85% 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 ₱8.28 billion in the first quarter of 2023 compared to ₱11.75 billion in the same period of 2022. The reported decrease in revenue is still partly due to canceled sales as an effect of high inflation, rising domestic interest rates and the lapse of Bayanihan Law. Reservation sales increased by 15% to ₱35.80 billion in the first quarter of 2023 from ₱31.13 billion in the same period last year.

Other Revenues

SM Prime's other revenues increased to ₱3.26 billion in the first quarter of 2023 from ₱1.18 billion in the same period in 2022 as the cinema, leisure and entertainment businesses reopen its doors to patrons. Cinemas improved due to high ticket sales from movies shown during of the first quarter of the year, including Avatar: The Way of Water, Ant-man and the Wasp: Quantumania, John Wick: Chapter 4, Deleter and The First Slam Dunk. Leisure and entertainment business benefited from the new normal condition. Other revenues include cinema 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 ₱14.80 billion in the first quarter of 2023, an increase of 12% from ₱13.20 billion in the same period in 2022, as a result of the following:

Costs of Real Estate Sales

Consolidated costs of real estate sales decreased by 38% to ₱3.37 billion in the first quarter of 2023 from ₱5.39 billion in the same period in 2022. Gross profit margin on real estate sales is 59% in 2023 from 54% in 2022.

Operating Expenses

SM Prime's consolidated operating expenses increased by 46% to ₱11.44 billion in the first quarter of 2023 compared to last year's ₱7.81 billion. Out of the total operating expenses, 70% 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 to ₱2.64 billion in the first quarter of 2023 compared to ₱2.00 billion in the same period in 2022 mainly due to the issuance of retail bonds in 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 ₱0.87 billion in the first quarter of 2023. 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 ₱2.41 billion in the first quarter of 2023 compared to ₱1.74 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 ₱0.21 billion in the first quarter of 2023 as compared to ₱0.10 billion in the same period in 2022.

Net income attributable to Parent

SM Prime's consolidated net income attributable to Parent increased by 27% to ₱9.44 billion in the first quarter of 2023 as compared to ₱7.42 billion in the same period in 2022.

Balance Sheet Accounts

SM Prime's total assets amounted to ₱878.91 billion and ₱874.21 billion as of March 31, 2023 and December 31, 2022, respectively.

Cash and cash equivalents decreased by 41% to ₱24.64 billion from ₱42.06 billion as of March 31, 2023 and December 31, 2022, respectively, mainly due to various capital expenditures and payments of maturing debts, net of increase from operations.

Prepaid expenses and other current assets increased by 7% to ₱27.54 billion from ₱25.77 billion as of March 31, 2023 and December 31, 2022, respectively, due to increase in input and creditable withholding taxes and deposits and advances to contractors related to construction of residential projects.

Equity instruments at fair value through other comprehensive income (FVOCI) increased by 12% to ₱19.73 billion from ₱17.61 billion as of March 31, 2023 and December 31, 2022, respectively, with equivalent increase of 15% in net fair value changes of equity instruments at FVOCI to ₱16.35 billion from ₱14.23 billion as of March 31, 2023 and December 31, 2022, respectively, due to changes in fair values under this portfolio.

Derivative assets - net decreased to ₱4.91 billion from ₱7.02 billion as of March 31, 2023 and December 31, 2022, respectively, mainly due to foreign exchange and net fair value changes on swap transactions during the period. This also resulted to the decrease in net fair value changes on cash flow hedges to ₱2.38 billion from ₱2.98 billion unrealized gain as of March 31, 2023 and December 31, 2022, respectively.

Other noncurrent assets, which includes bonds and deposits for real estate acquisitions and noncurrent portion of receivables from sale of real estate, increased by 5% to ₱112.90 billion from ₱107.60 billion as of March 31, 2023 and December 31, 2022, respectively.

Loans payable increased to ₱14.80 billion from ₱5.42 billion as of March 31, 2023 and December 31, 2022, respectively, due to loan availments, net of payments for the period.

Income tax payable increased by 34% to ₱1.03 billion from ₱0.77 billion as of March 31, 2023 and December 31, 2022, respectively, mainly due provisions for the year, net of payments.

Long-term debt decreased by 5% to ₱329.12 billion from ₱346.97 billion as of March 31, 2023 and December 31, 2022, respectively, mainly due to payments of matured loans during the period.

Deferred tax liabilities - net increased by 5% to ₱11.66 billion from ₱11.14 billion as of March 31, 2023 and December 31, 2022, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes.

Other noncurrent liabilities increased by 6% to ₱33.42 billion from ₱31.39 billion as of March 31, 2023 and December 31, 2022, respectively, due to increase in retention payable and deferred output VAT related to sale of residential projects.

Cumulative translation adjustment decreased by 16% to ₱2.88 billion from ₱3.44 billion as of March 31, 2023 and December 31, 2022, respectively, as a result of foreign exchange.

Non-controlling interests increased by 11% to ₱2.16 billion from ₱1.95 billion as of March 31, 2023 and December 31, 2022, respectively, due to share 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 March 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 2023, the Company expects to incur capital expenditures of around ₱80 billion. This will be funded with internally generated funds and external borrowings.

SM Prime currently has sixty-four residential projects, forty-six of which are in Metro Manila and eighteen are outside Metro Manila. The Company aims to launch 15,000 to 20,000 residential units in 2023.

SM Prime's malls business unit has eighty-two shopping malls in the Philippines with 9.0 million square meters of gross floor area (GFA) and seven shopping malls in China with 1.4 million square meters of GFA. The Company intends to launch three new malls in the Philippines in 2023 namely

SM City Bataan, SM Center San Pedro and SM City Sto. Tomas. These new malls, plus the expansion of the Company's existing malls, will provide an addition of 0.3 million square meters of GFA. The Company also intends to launch one new mall in Yangzhou, China in 2023 which will provide an addition of 0.2 million square meters of GFA.

SM Prime's Commercial Properties Group has eighteen office buildings with a combined GFA of approximately 1.5 million square meters.

SM Prime's hotels and convention centers business unit currently has a portfolio of six convention centers, two trade halls and nine hotels with over 2,200 rooms.

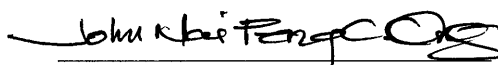
SIGNATURE

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

SM PRIME HOLDINGS, INC.

Registrant

Date: May 9, 2024

A handwritten signature in black ink, appearing to read "John Nai Peng C. Ong", written over a horizontal line.

JOHN NAI PENG C. ONG
Chief Finance Officer