

COVER SHEET

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	
c	o	r	.		C	o	r	a	l		W	a	y	,		M	a	l	l		o	f		A	s	i	a		C
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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

8831-1000

Mobile Number

--

No. of Stockholders

2,324

Annual Meeting
Month/Day

--

Fiscal Year
Month/Day

June 30

--

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

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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 2nd Quarter of 2024
(Form Type)

N/A
Amendment Designation

June 30, 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 JUNE 30, 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. 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 ₱1 Par Value	28,879,231,694
Debt Securities - Retail Bonds	₱140,432,740,000

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 June 30, 2024

(with Comparative Audited Consolidated
Balance Sheet as at December 31, 2023)

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED BALANCE SHEET****June 30, 2024****(With Comparative Audited Figures as at December 31, 2023)***(Amounts in Thousands)*

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 17, 20 and 21)	₱33,777,585	₱31,816,802
Receivables and contract assets (Notes 6, 12, 17, 20 and 21)	74,383,589	76,952,202
Real estate inventories (Notes 7 and 10)	79,736,129	77,886,781
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 8, 20 and 21)	776,237	747,840
Derivative assets (Notes 20 and 21)	839,497	2,247,073
Prepaid expenses and other current assets (Note 9)	26,599,266	27,804,930
Total Current Assets	216,112,303	217,455,628
Noncurrent Assets		
Equity instruments at FVOCI - net of current portion (Notes 8, 17, 20 and 21)	18,568,508	19,570,212
Investment properties (Notes 10 and 21)	570,152,987	545,074,746
Investments in associates and joint ventures (Note 11)	33,687,124	32,431,195
Deferred tax assets - net	1,557,090	1,492,359
Derivative assets - net of current portion (Notes 20 and 21)	4,750,984	3,276,971
Other noncurrent assets (Notes 12, 17, 20 and 21)	132,146,866	124,026,464
Total Noncurrent Assets	760,863,559	725,871,947
	₱976,975,862	₱943,327,575
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 13, 17, 20 and 21)	₱37,358,547	₱4,288,964
Accounts payable and other current liabilities (Notes 14, 17, 20 and 21)	101,368,179	99,077,428
Current portion of long-term debt (Notes 15, 17, 20 and 21)	74,793,497	67,746,351
Derivative liabilities (Notes 20 and 21)	—	7,423
Income tax payable	1,351,265	1,295,842
Total Current Liabilities	214,871,488	172,416,008
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 15, 17, 20 and 21)	271,172,184	294,622,256
Tenants' and customers' deposits - net of current portion (Notes 14, 20 and 21)	26,861,235	25,301,504
Deferred tax liabilities - net	12,793,127	12,458,096
Derivative liabilities - net of current portion (Notes 20 and 21)	31,923	265,013
Other noncurrent liabilities (Notes 14, 20 and 21)	40,474,432	39,377,662
Total Noncurrent Liabilities	351,332,901	372,024,531
Total Liabilities	566,204,389	544,440,539

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 16 and 23)	₱33,166,300	₱33,166,300
Additional paid-in capital - net	38,159,900	38,159,900
Cumulative translation adjustment	3,649,492	2,556,139
Net fair value changes of equity instruments at FVOCI (Note 8)	15,965,992	16,938,503
Net fair value changes on cash flow hedges (Note 21)	702,993	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	278,225,455	266,143,815
Treasury stock (Notes 16 and 23)	(2,984,695)	(2,984,695)
Total Equity Attributable to Equity Holders of the Parent	408,023,000	396,196,619
Non-controlling Interests	2,748,473	2,690,417
Total Equity	410,771,473	398,887,036
	₱976,975,862	₱943,327,575

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		Six-Month Periods	
	Ended June 30		Ended June 30	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
REVENUES				
Rent (Notes 10 and 17)	₱19,296,236	₱17,433,767	₱37,831,521	₱34,527,227
Real estate sales	10,797,006	10,209,262	19,585,497	18,486,009
Others (Notes 17 and 18)	3,875,531	3,579,033	7,271,227	6,840,611
	33,968,773	31,222,062	64,688,245	59,853,847
COSTS AND EXPENSES (Notes 17 and 19)	17,612,919	16,098,354	33,621,293	30,901,445
INCOME FROM OPERATIONS	16,355,854	15,123,708	31,066,952	28,952,402
OTHER INCOME (CHARGES)				
Interest expense (Notes 6, 13, 15 and 17)	(2,701,662)	(2,592,383)	(5,832,086)	(5,229,741)
Interest and dividend income (Notes 5, 6, 8, 12 and 17)	594,269	489,683	1,112,907	990,292
Others - net (Notes 11, 14 and 15)	(20,333)	(498,663)	804,901	(131,593)
	(2,127,726)	(2,601,363)	(3,914,278)	(4,371,042)
INCOME BEFORE INCOME TAX	14,228,128	12,522,345	27,152,674	24,581,360
PROVISION FOR INCOME TAX (Note 22)	2,391,831	2,309,615	4,640,160	4,714,775
NET INCOME	₱11,836,297	₱10,212,730	₱22,512,514	₱19,866,585
Attributable to:				
Equity holders of the Parent (Notes 16 and 23)	₱11,603,759	₱10,002,480	₱22,065,958	₱19,444,807
Non-controlling interests (Note 16)	232,538	210,250	446,556	421,778
	₱11,836,297	₱10,212,730	₱22,512,514	₱19,866,585
Basic/Diluted earnings per share (Note 23)	₱0.402	₱0.347	₱0.765	₱0.674
Dividend per share (Note 16)	₱0.346	₱0.237	₱0.346	₱0.237

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 Period Ended June 30		Six-Month Period Ended June 30	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
NET INCOME	₱11,836,297	₱10,212,730	₱22,512,514	₱19,866,585
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)	(3,259,152)	831,641	(972,511)	2,948,128
Items that may be reclassified to profit or loss in subsequent periods:				
Net fair value changes on cash flow hedges (Note 21)	(416,195)	(424,058)	(376,101)	(1,028,920)
Cumulative translation adjustment	1,135,784	(977,136)	1,093,353	(1,532,300)
	(2,539,563)	(569,553)	(255,259)	386,908
TOTAL COMPREHENSIVE INCOME	₱9,296,734	₱9,643,177	₱22,257,255	₱20,253,493
Attributable to:				
Equity holders of the Parent (Note 16)	₱9,064,196	₱9,432,927	₱21,810,699	₱19,831,715
Non-controlling interests (Note 16)	232,538	210,250	446,556	421,778
	₱9,296,734	₱9,643,177	₱22,257,255	₱20,253,493

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

(Amounts in Thousands)

Equity Attributable to Equity Holders of the Parent (Notes 16 and 23)												
	Capital Stock (Notes 16 and 23)	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)		Non-controlling Interests	Total Equity
							Appropriated	Unappropriated		Total		
At December 31, 2023 (Audited)	₱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 period	—	—	—	—	—	—	—	22,065,958	—	22,065,958	446,556	22,512,514
Other comprehensive income (loss)	—	—	1,093,353	(972,511)	(376,101)	—	—	—	—	(255,259)	—	(255,259)
Total comprehensive income (loss) for the period	—	—	1,093,353	(972,511)	(376,101)	—	—	22,065,958	—	21,810,699	446,556	22,257,255
Cash dividends	—	—	—	—	—	—	—	(9,992,214)	—	(9,992,214)	—	(9,992,214)
Cash dividends received by a subsidiary	—	—	—	—	—	—	—	7,896	—	7,896	—	7,896
Cash dividends received by a non-controlling interest	—	—	—	—	—	—	—	—	—	—	(388,500)	(388,500)
At June 30, 2024 (Unaudited)	₱33,166,300	₱38,159,900	₱3,649,492	₱15,965,992	₱702,993	(₱1,062,437)	₱42,200,000	₱278,225,455	(₱2,984,695)	₱408,023,000	₱2,748,473	₱410,771,473
At December 31, 2022 (Audited)	₱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 period	—	—	—	—	—	—	—	19,444,807	—	19,444,807	421,778	19,866,585
Other comprehensive income (loss)	—	—	(1,532,300)	2,948,128	(1,028,920)	—	—	—	—	386,908	—	386,908
Total comprehensive income (loss) for the period	—	—	(1,532,300)	2,948,128	(1,028,920)	—	—	19,444,807	—	19,831,715	421,778	20,253,493
Cash dividends	—	—	—	—	—	—	—	(6,844,378)	—	(6,844,378)	—	(6,844,378)
Cash dividends received by a subsidiary	—	—	—	—	—	—	—	5,408	—	5,408	—	5,408
Cash dividends received by a non-controlling interest	—	—	—	—	—	—	—	—	—	—	(259,450)	(259,450)
Sale of non-controlling interest	—	867	—	—	—	—	—	—	—	867	283	1,150
At June 30, 2023 (Unaudited)	₱33,166,300	₱38,125,060	₱1,902,871	₱17,180,642	₱1,955,685	(₱928,882)	₱42,200,000	₱245,578,121	(₱2,984,695)	₱376,195,102	₱2,112,727	₱378,307,829

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

(Amounts in Thousands)

	Six-Month Periods Ended June 31	
	2024	2023
	<i>(Unaudited)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱27,152,674	₱24,581,360
Adjustments for:		
Depreciation and amortization (Notes 10, 12 and 19)	7,318,594	6,686,329
Interest expense (Notes 6, 13, 15 and 17)	5,832,086	5,229,741
Equity in net earnings of associates and joint ventures (Note 11)	(1,244,400)	(1,111,888)
Interest and dividend income (Notes 5, 6, 8, 12 and 17)	(1,112,907)	(990,292)
Loss on unrealized foreign exchange and fair value changes on derivatives - net	141,603	88,279
Operating income before working capital changes	38,087,650	34,483,529
Decrease (increase) in:		
Receivables and contract assets	(5,865,400)	(9,619,123)
Real estate inventories	(1,675,508)	(500,765)
Prepaid expenses and other current assets	161,120	(1,300,318)
Increase in:		
Accounts payable and other liabilities	6,220,670	6,577,501
Tenants' and customers' deposits	1,490,526	766,793
Cash generated from operations	38,419,058	30,407,617
Income tax paid	(4,297,613)	(4,042,134)
Net cash provided by operating activities	34,121,445	26,365,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	785,312	687,966
Dividends received	284,257	251,539
Net additions to investment properties (Note 10)	(29,904,551)	(33,027,358)
Increase in other noncurrent assets	(1,306,303)	(3,517,984)
Net cash used in investing activities	(30,141,285)	(35,605,837)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of interest-bearing debt (Notes 13 and 15)	90,390,152	76,199,464
Proceeds from matured derivatives	2,501,943	295,300
Payments of:		
Interest-bearing debt (Notes 13 and 15)	(78,530,237)	(56,151,683)
Dividends	(10,371,738)	(6,983,149)
Interest	(5,643,921)	(5,059,175)
Lease liabilities	(383,060)	(104,813)
Net cash provided by (used in) financing activities	(2,036,861)	8,195,944
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	17,484	58,081
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,960,783	(986,329)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	31,816,802	42,060,082
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱33,777,585	₱41,073,753

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 June 30, 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 six-month period ended June 30, 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, 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

June 30, 2024 (Unaudited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P37,477,393	P20,195,128	P3,429,966	P3,585,758	P-	P64,688,245
Inter-segment	109,882	2,500	12,146	63,348	(187,876)	-
	P37,587,275	P20,197,628	P3,442,112	P3,649,106	(P187,876)	P64,688,245
Segment results:						
Income before income tax	P18,385,730	P5,810,914	P741,562	P2,272,054	(P57,586)	P27,152,674
Provision for income tax	(3,189,997)	(985,739)	(133,618)	(330,806)	-	(4,640,160)
Net income	P15,195,733	P4,825,175	P607,944	P1,941,248	(P57,586)	P22,512,514
Net income attributable to:						
Equity holders of the Parent	P14,756,572	P4,817,780	P607,944	P1,941,248	(P57,586)	P22,065,958
Non-controlling interests	439,161	7,395	-	-	-	446,556
Other information:						
Capital expenditures	P15,812,644	P11,382,170	P971,399	P12,543,983*	P-	P40,710,196
Depreciation and amortization	5,975,531	70,722	361,838	910,503	-	7,318,594

*Includes P9,226 million coastal development

June 30, 2023 (Unaudited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P34,607,099	P19,016,851	P2,984,697	P3,245,200	P-	P59,853,847
Inter-segment	87,281	2,500	8,171	52,663	(150,615)	-
	P34,694,380	P19,019,351	P2,992,868	P3,297,863	(150,615)	P59,853,847
Segment results:						
Income before income tax	P16,225,981	P5,484,604	P692,922	P2,276,288	(P98,435)	P24,581,360
Provision for income tax	(3,204,905)	(1,032,357)	(122,953)	(354,560)	-	(4,714,775)
Net income	P13,021,076	P4,452,247	P569,969	P1,921,728	(P98,435)	P19,866,585
Net income attributable to:						
Equity holders of the Parent	P12,605,921	P4,445,624	P569,969	P1,921,728	(P98,435)	P19,444,807
Non-controlling interests	415,155	6,623	-	-	-	421,778
Other information:						
Capital expenditures	P23,575,515	P8,036,799	P674,152	P12,199,776*	P-	P44,486,242
Depreciation and amortization	5,558,734	69,136	304,899	753,560	-	6,686,329

*Includes P10,304 million coastal development

June 30, 2024 (Unaudited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Segment assets	P482,439,008	P350,754,243	P21,858,997	P124,174,253	(P2,250,639)	P976,975,862
Segment liabilities	P328,986,829	P196,564,291	P1,353,364	P41,550,544	(P2,250,639)	P566,204,389

December 31, 2023 (Audited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Segment assets	P475,744,817	P344,557,303	P20,464,649	P104,377,862	(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 six-month periods ended June 30, 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

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Cash on hand and in banks (see Note 17)	₱8,880,023	₱10,239,900
Temporary investments (see Note 17)	24,897,562	21,576,902
	₱33,777,585	₱31,816,802

Interest income earned from cash in banks and temporary investments amounted to ₱664 million and ₱635 million for the six-month periods ended June 30, 2024 and 2023, respectively.

6. Receivables and Contract Assets

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Trade (billed and unbilled):		
Sale of real estate*	₱139,419,655	₱132,177,723
Rent (see Note 17)	11,303,522	12,823,812
Accrued interest (see Note 17)	339,818	265,371
Nontrade and others (see Note 17)	3,251,976	3,062,977
	154,314,971	148,329,883
Less allowance for expected credit loss (ECLs)	768,341	777,378
	153,546,630	147,552,505
Less noncurrent portion of receivables from sale of real estate (see Note 12)	79,163,041	70,600,303
	₱74,383,589	₱76,952,202

**Includes unbilled revenue from sale of real estate amounting to ₱126,983 million and ₱114,898 million as at June 30, 2024 and December 31, 2023, respectively.*

Interest income earned from receivables amounted to ₱140 million and ₱104 million for the six-month periods ended June 30, 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 six-month periods June 30, 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 ₱211 million and ₱217 million as at June 30, 2024 and December 31, 2023, respectively. The related liability to the assigned receivables which is included in the Company's other current liabilities, bear interest rates of 6.50% as at June 30, 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 ₱161 million and ₱25 million for the six-month periods ended June 30, 2024 and 2023, respectively.

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
At beginning of the period	₱777,378	₱721,482
Provisions (reversals) - net	(9,037)	55,896
At end of the period	₱768,341	₱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	9,950,906	—	9,950,906
Cost of real estate sold (see Note 19)	(4,633,282)	(3,642,116)	(8,275,398)
Transfers	(2,174,553)	2,174,553	—
Reclassifications from investment properties (see Note 10)	141,814	—	141,814
Translation adjustment	—	32,026	32,026
Balance as at June 30, 2024 (Unaudited)	₱56,043,222	₱23,692,907	₱79,736,129

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 June 30, 2024 and December 31, 2023.

Contract fulfillment assets, included under land and development, mainly pertain to unamortized portion of land cost totaling ₱1,864 million and ₱1,777 million as at June 30, 2024 and December 31, 2023, respectively.

8. Equity Instruments at FVOCI

This account consists of investments in:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Shares of stock:		
Listed (see Note 17)	₱19,339,428	₱20,312,735
Unlisted	5,317	5,317
	19,344,745	20,318,052
Less noncurrent portion	18,568,508	19,570,212
	₱776,237	₱747,840

Dividend income from investments at FVOCI amounted to ₱253 million and ₱193 million for the six-month periods ended June 30, 2024 and 2023, respectively.

Unrealized loss of ₱973 million and unrealized gain of ₱2,948 million on changes in fair value for the six-month periods ended June 30, 2024 and 2023, respectively were included under other comprehensive income.

9. Prepaid Expenses and Other Current Assets

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Input and creditable withholding taxes	₱12,631,814	₱12,030,388
Advances and deposits	8,891,023	8,724,322
Prepaid taxes and other prepayments	4,430,233	6,409,923
Supplies, inventories and others	646,196	640,297
	₱26,599,266	₱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)	₱458,285,480	₱56,235,369	₱28,168,127	₱67,097,946	₱609,786,922
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	3,082,384	1,198,567	–	25,957,420	30,238,371
Reclassifications (see Note 7)	5,780,384	1,303,526	–	(7,225,724)	(141,814)
Translation adjustment	1,940,174	164,082	625,066	263,561	2,992,883
Disposals	(267,677)	(28,088)	–	–	(295,765)
Balance as at June 30, 2024 (Unaudited)	₱511,777,705	₱63,731,445	₱34,041,155	₱100,998,065	₱710,548,370
Accumulated Depreciation and Amortization					
Balance as at December 31, 2022 (Audited)	₱82,599,898	₱35,389,089	₱2,531,893	₱–	₱120,520,880
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)	4,805,764	1,999,138	419,069	–	7,223,971
Translation adjustment	482,043	86,822	28,453	–	597,318
Disposals	(80,940)	(24,915)	–	–	(105,855)
Balance as at June 30, 2024 (Unaudited)	₱95,713,342	₱40,969,297	₱3,712,744	₱–	₱140,395,383
Net Book Value					
As at December 31, 2023 (Audited)	₱410,735,965	₱22,185,106	₱30,150,867	₱82,002,808	₱545,074,746
As at June 30, 2024 (Unaudited)	₱416,064,363	₱22,762,148	₱30,328,411	₱100,998,065	₱570,152,987

The Company disposed certain investment properties in 2024 and 2023. The gain 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 ₱1,453 million and ₱1,455 million as at June 30, 2024 and December 31, 2023, respectively are mortgaged as collaterals to secure domestic borrowings (see Note 15).

Consolidated rent income from investment properties amounted to ₱37,832 million and ₱34,527 million for the six-month periods ended June 30, 2024 and 2023, respectively. Consolidated costs and expenses from investment properties amounted to ₱20,461 million and ₱19,116 million for the six-month periods ended June 30, 2024 and 2023, respectively.

Construction in progress includes coastal development cost, shopping mall and commercial building constructions and landbanking amounted to ₱100,998 million and ₱82,003 million as at June 30, 2024 and December 31, 2023, respectively.

The outstanding contracts with various contractors related to the construction of on-going projects are valued at ₱67,755 million and ₱78,353 million as at June 30, 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 ₱4,388 million and ₱5,791 million and capitalization rates used range from 2.39% to 5.72% and from 2.27% to 5.38% for the six-month period ended June 30, 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 June 30, 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	800,619	443,781	1,244,400
Dividends	—	(35,190)	(35,190)
Translation	46,719	—	46,719
Balance as at June 30, 2024 (Unaudited)	₱22,830,784	₱10,856,340	₱33,687,124

The carrying value of investment in Ortigas Land Corporation (OLC) amounted to ₱21,416 million and ₱20,615 million as at June 30, 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 amounted to ₱801 million and ₱674 million for the six-month periods ended June 30, 2024 and 2023, respectively.

The carrying value of investment in Feihua Real Estate (Chongqing) Company Ltd. amounted to ₱1,415 million and ₱1,368 million as at June 30, 2024 and December 31, 2023, respectively including cumulative equity in net earnings amounting to ₱1,107 million and ₱1,070 million as at June 30, 2024 and December 31, 2023, respectively.

The carrying values of investments in Waltermart amounted to ₱8,467 million and ₱8,152 million as at June 30, 2024 and December 31, 2023, respectively. The aggregate share in profit and total comprehensive income, net of dividends amounted to ₱315 million and ₱314 million for the six-month periods ended June 30, 2024 and 2023, respectively.

The carrying value of investment in ST 6747 Resources Corporation amounted to ₱2,389 million and ₱2,296 million as at June 30, 2024 and December 31, 2023, respectively. The aggregate share in profit and total comprehensive income amounted to ₱93 million and ₱124 million for the six-month periods ended June 30, 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 June 30, 2024 and December 31, 2023.

12. Other Noncurrent Assets

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Receivables from sale of real estate - net of current portion* (see Note 6)	₱79,163,041	₱70,600,303
Bonds and deposits	46,327,022	46,894,238
Escrow and time deposits (see Note 17)	4,053,284	3,656,453
Property and equipment - net of accumulated depreciation of ₱2,671 million and ₱2,584 million, respectively (see Note 19)	1,540,762	1,554,990
Deferred input tax	607,713	779,864
Others	455,044	540,616
	₱132,146,866	₱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 ₱56 million and ₱58 million for the six-month periods ended June 30, 2024 and 2023, respectively.

13. Loans Payable

As at June 30, 2024, this account consists of Philippine peso, U.S. dollar and China yuan renminbi denominated loans from local and foreign banks amounting to ₱37,359 million, with due dates of less than one year. These loans bear weighted average interest rate of 4.52%. It includes interest for Philippine peso loans, secured overnight financing rate (SOFR) and loan prime rate (LPR). 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%. It includes interest for Philippine peso loans and LPR.

Interest expense incurred from loans payable amounted to ₱329 million and ₱159 million for the six-month periods ended June 30, 2024 and 2023, respectively.

14. Accounts Payable and Other Current Liabilities

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Trade payables (see Note 17)	₱50,847,202	₱51,655,918
Tenants' and customers' deposits*	41,332,509	39,678,216
Accrued operating expenses	21,101,586	15,834,744
Deferred output VAT	15,280,504	14,411,482
Lease liabilities	13,214,230	13,313,112
Retention payable	9,597,559	8,834,072
Accrued interest (see Note 17)	3,015,266	2,827,101
Liability for purchased land	3,447,766	5,042,435
Payable to government agencies	700,936	854,877
Nontrade	446,622	437,049
Liability from assigned receivables and others (see Note 6)	2,382,676	2,822,122
	161,366,856	155,711,128
Less noncurrent portion	59,998,677	56,633,700
	₱101,368,179	₱99,077,428

*Includes unearned revenue from sale of real estate amounting to ₱7,954 million and ₱7,018 million as at June 30, 2024 and December 31, 2023, respectively.

Lease liabilities included in "Other noncurrent liabilities" amounted to ₱13,091 million and ₱13,181 million as at June 30, 2024 and December 31, 2023, respectively. Interest on lease liabilities included under "Others - net" in the interim consolidated statements of income amounted to ₱171 million and ₱184 million for the six-month periods ended June 30, 2024 and 2023, respectively.

The undiscounted payments of lease liabilities are scheduled as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Within 1 year	₱891,329	₱874,205
More than 1 year to 5 years	3,600,456	3,539,853
More than 5 years	27,508,665	27,505,845
	₱32,000,450	₱31,919,903

Accrued operating expenses consist of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Payable to contractors	₱11,272,637	₱9,400,962
Utilities	4,402,684	2,468,876
Marketing, advertising and others	5,426,265	3,964,906
	₱21,101,586	₱15,834,744

15. Long-term Debt

This account consists of:

	Availment Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
				(In Thousands)	
Philippine peso-denominated loans	September 1, 2014 - June 24, 2024	April 25, 2024 - April 22, 2032	Floating BVAL + margin; Fixed 5.46%	₱273,742,140	₱269,313,740
U.S. dollar-denominated loans*	April 15, 2019 - June 30, 2022	February 28, 2024 - June 9, 2027	SOFR + spread; quarterly	62,712,713	84,350,144
China yuan renminbi-denominated loans**	May 6, 2021 - May 30, 2024	April 20, 2026 - June 24, 2037	LPR, SOFR; annually; Fixed - 3.65%	11,125,552	10,590,461
				347,580,405	364,254,345
Less debt issue cost				1,614,724	1,885,738
				345,965,681	362,368,607
Less current portion				74,793,497	67,746,351
				₱271,172,184	₱294,622,256

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:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of the year	₱1,885,738	₱2,112,928
Additions	119,232	645,502
Amortization	(390,246)	(872,692)
Balance at end of the year	₱1,614,724	₱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	₱75,465,166	(₱671,669)	₱74,793,497
More than 1 year to 5 years	239,816,300	(918,832)	238,897,468
More than 5 years	32,298,939	(24,223)	32,274,716
	₱347,580,405	(₱1,614,724)	₱345,965,681

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 June 30, 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 ₱5,342 million and ₱5,045 million for the six-month periods ended June 30, 2024 and 2023, respectively.

16. Equity

Capital Stock

As at June 30, 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 June 30, 2024 and December 31, 2023, the Company has 28,856 million outstanding shares.

Retained Earnings

In 2024, the Board of Directors (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 SM Development Corporation (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.

As at June 30, 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 ₱111,575 million and ₱115,550 million as at June 30, 2024 and December 31, 2023, respectively.

Treasury Stock

As at June 30, 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 June 30, 2024 and December 31, 2023.

17. Related Party Transactions

The significant transactions entered into by the Company with its 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
	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)		
<i>(In Thousands)</i>						
Ultimate Parent						
Rent income	₱37,399	₱34,500	₱–	₱–		
Rent receivable	–	–	8,188	7,899	Non-interest bearing	Unsecured; not impaired
Other revenues	18,292	18,263	–	–		
Other receivable	–	–	3,501	2,912	Non-interest bearing	Unsecured; not impaired
Rent expense	34,433	44,414	–	–		
Trade payable	–	–	(44,343)	(34,882)	Non-interest bearing	Unsecured
Equity instruments at FVOCI	–	–	121,339	127,403		
Dividend income	1,315	1,096	–	–		
Bank and Retail Group						
Cash and cash equivalents	86,430,414	78,276,899	26,603,618	23,451,912	Interest bearing based on prevailing rates	Unsecured; not impaired
Rent income	8,748,432	8,393,899	–	–		
Rent receivable	–	–	2,751,206	3,388,569	Non-interest bearing	Unsecured; not impaired
Other revenues	–	90	–	–		
Other receivable	–	–	8,441	9,355	Non-interest bearing	Unsecured; not impaired
Interest income	642,356	534,389	–	–		
Accrued interest receivable	–	–	205,769	197,130	Non-interest bearing	Unsecured; not impaired
Receivable financed	1,177,783	–	–	–	Without recourse	Unsecured
Dividend income	189,051	162,044	–	–		
Equity instruments at FVOCI	–	–	13,849,353	14,097,820		
Escrow and time deposits	315,610	128,856	1,593,490	1,277,880	Interest bearing based on prevailing rates	Unsecured; not impaired
Loans payable and long-term debt	5,000,000	3,000,000	(25,757,077)	(20,746,834)	Interest bearing based on prevailing rates	Unsecured

	Amount of Transactions		Outstanding Amount [Asset (Liability)]		Terms	Conditions
	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)		
<i>(In Thousands)</i>						
Interest expense	₱784,569	₱537,601	₱–	₱–		
Accrued interest payable	–	–	(232,821)	(176,640)	Non-interest bearing	Unsecured
Other expense	110,390	109,797	–	–		
Trade payable	–	–	(56,263)	(159,999)	Non-interest bearing	Unsecured
Other Related Parties						
Rent income	209,236	185,592	–	–		
Rent receivable	–	–	80,326	74,676	Non-interest bearing	Unsecured; not impaired
Other revenues	53,068	49,231	–	–		
Other receivable	–	–	35,470	26,117	Non-interest bearing	Unsecured; not impaired
Rent expense	223	454	–	–		
Trade payable	–	–	(6,356)	(10,772)	Non-interest bearing	Unsecured

Compensation of Key Management Personnel

The aggregate compensation and benefits related to key management personnel for the six-month periods ended June 30, 2024 and 2023 consist of short-term employee benefits amounting to ₱735 million and ₱663 million, respectively, and post-employment benefits (pension benefits) amounting to ₱153 million and ₱124 million, respectively.

18. Other Revenues

Details of other revenue follows:

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
<i>(In Thousands)</i>		
Cinema and event ticket sales	₱2,030,479	₱1,958,637
Merchandise sales	1,759,075	1,600,665
Food and beverages	1,232,297	1,128,846
Amusement income	685,790	645,867
Bowling and ice skating fees	234,174	200,026
Advertising and others (see Note 17)	1,329,412	1,306,570
	₱7,271,227	₱6,840,611

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

19. Costs and Expenses

This account consists of:

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
	<i>(In Thousands)</i>	
Administrative (see Note 17)	₱8,539,156	₱7,410,256
Cost of real estate sold (see Note 7)	8,275,398	7,481,490
Depreciation and amortization (see Notes 10 and 12)	7,318,594	6,686,329
Business taxes and licenses	3,073,146	2,635,828
Marketing and selling expenses	3,069,081	3,329,432
Film rentals	1,108,683	992,529
Rent (see Note 17)	700,611	623,004
Insurance	303,457	265,120
Others	1,233,167	1,477,457
	₱33,621,293	₱30,901,445

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 75% and 78% of its long-term borrowings as at June 30, 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\$26 million (₱1,540 million) as at June 30, 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 ₱58.61 to US\$1.00 and ₱55.37 to US\$1.00, the Philippine peso to US dollar exchange rates as at June 30, 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, by category and by class, other than those whose carrying values are reasonable approximations of fair values:

	June 30, 2024 (Unaudited)				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	₱5,590,481	₱5,590,481	₱—	₱5,590,481	₱—
Financial assets at amortized cost:					
Escrow and time deposits (included under "Other noncurrent assets")	4,053,284	4,119,942	—	4,119,942	—
Financial assets at FVOCI:					
Equity instruments	19,344,745	19,344,745	19,339,428	—	5,317
Nonfinancial Assets*	570,152,987	2,126,586,387	—	—	2,126,586,387
	₱599,141,497	₱2,155,641,555	₱19,339,428	₱9,710,423	₱2,126,591,704
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱31,923	₱31,923	₱—	₱31,923	₱—
Loans and borrowings:					
Long-term debt - net of current portion	271,172,184	260,212,983	—	—	260,212,983
Tenants' deposits - net of current portion**	26,067,646	25,681,436	—	—	25,681,436
Other noncurrent liabilities***	11,936,949	11,757,564	—	—	11,757,564
	₱309,208,702	₱297,683,906	₱—	₱31,923	₱297,651,983

*Consists of investment properties

**Excluding residential customers' deposits amounting to ₱794 million as at June 30, 2024.

***Excluding lease liabilities and nonfinancial liabilities amounting to ₱28,537 million as at June 30, 2024.

	December 31, 2023 (Audited)				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	₱5,524,044	₱5,524,044	₱—	₱5,524,044	₱—
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
	₱574,573,295	₱2,120,803,841	₱20,312,735	₱9,218,923	₱2,091,272,183

	December 31, 2023 (Audited)				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	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 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 six-month period ended June 30, 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 June 30, 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 June 30, 2024 and December 31, 2023 up to the next repricing date. Discount rates used is based on the prevailing market rate.

Tenants' Deposits 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 1.54% to 7.26% and 2.08% to 6.91% as at June 30, 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. w

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 June 30, 2024 and December 31, 2023, the Company has outstanding arrangements 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:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of period	₱5,251,608	₱7,024,421
Net changes in fair value during the period*	2,554,023	(1,206,733)
Fair value of settled derivatives	(2,247,073)	(566,080)
Balance at end of period	₱5,558,558	₱5,251,608

*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:

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
	<i>(In Thousands)</i>	
Provision for current tax	₱4,347,700	₱4,640,815
Provision for deferred tax	292,460	73,960
	₱4,640,160	₱4,714,775

23. EPS Computation

Basic/diluted EPS is computed as follows:

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
	<i>(In Thousands, Except Per Share Data)</i>	
Net income attributable to equity holders of the Parent (a)	₱22,065,958	₱19,444,807
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)	₱0.765	₱0.674

SM Prime Holdings, Inc. and Subsidiaries
Aging of Accounts Receivable and Contract Assets
As at June 30, 2024
(Amounts in Thousands)

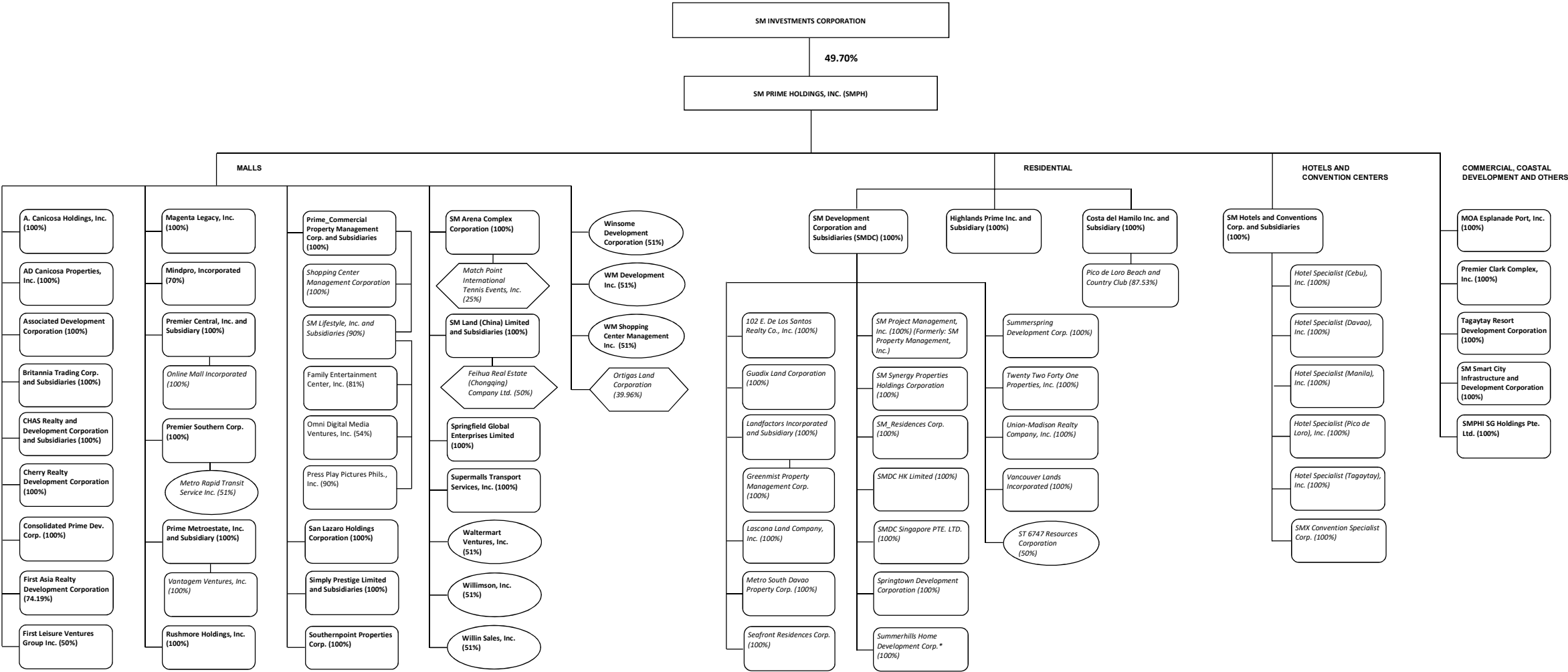
Trade (billed and unbilled):	
Sale of real estate	₱139,419,655
Rent	11,303,522
Accrued interest	339,818
Nontrade and others	3,251,976
	154,314,971
Less allowance for ECLs	768,341
	153,546,630
Less noncurrent portion of receivables from sale of real estate	79,163,041
	₱74,383,589

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

Neither past due nor impaired	₱138,632,079
Past due but not impaired:	
Less than 30 days	3,006,806
31–90 days	3,267,434
91–120 days	2,242,628
Over 120 days	6,397,683
Impaired	768,341
	₱154,314,971

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 June 30, 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 JUNE 30, 2024 and DECEMBER 31, 2023

Ratio	Formula	June 30, 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	₱216,112,303	₱217,455,628
	Current liabilities	214,871,488	172,416,008
	Less: Loans payable*	(37,358,547)	(4,288,964)
	Current portion of long-term debt*	(74,793,497)	(67,746,351)
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	102,719,444	100,380,693
	Current ratio	2.10	2.17
	<i>*due for refinancing</i>		
Acid Test Ratio	Quick Assets divided by Total Current Liabilities		
	Cash and cash equivalents	₱33,777,585	₱31,816,802
	Receivables and contract assets	74,383,589	76,952,202
	Equity instruments at fair value through other comprehensive income - current	776,237	747,840
	Quick assets	108,937,411	109,516,844
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	102,719,444	100,380,693
	Acid test ratio	1.06	1.09
Solvency Ratio	Total Assets divided by Total Liabilities		
	Total assets	₱976,975,862	₱943,327,575
	Divided by: Total liabilities	566,204,389	544,440,539
	Asset to liabilities ratio	1.73	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	₱37,358,547	₱4,288,964
	Current portion of long-term debt	74,793,497	67,746,351
	Long-term debt - net of current portion	271,172,184	294,622,256
	Total interest-bearing debt (a)	383,324,228	366,657,571
	Add: Total equity attributable to equity holders of the parent (b)	408,023,000	396,196,619
	Total interest-bearing debt and equity attributable to equity holders of the parent (c)	791,347,228	762,854,190
	Debt to equity ratio (a/c):(b/c)	48:52	48:52

Ratio	Formula	June 30, 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	₱383,324,228	₱366,657,571
	Less: Cash and cash equivalents	(33,777,585)	(31,816,802)
	Total net interest-bearing debt (a)	349,546,643	334,840,769
	Add: Total equity attributable to equity holders of the parent (b)	408,023,000	396,196,619
	Total net interest-bearing debt and equity attributable to equity holders of the parent (c)	757,569,643	731,037,388
	Net debt-to-equity ratio (a/c):(b/c)	46:54	46:54
Asset to Equity Ratio	Total assets divided by Total Equity Attributable to the Equity Holders of the Parent		
	Total assets	₱976,975,862	₱943,327,575
	Divide by: Total equity attributable to equity holders of the parent	408,023,000	396,196,619
	Asset to equity ratio	2.39	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	₱42,631,652*	₱40,010,501
	Divide by: Average total equity attributable to equity holders of the parent	402,109,809	379,699,054
	Return on equity	11%	11%
	<i>*rolling</i>		
Net Income Margin	Net Income divided by Total Revenue		
	Net income attributable to equity holders of the parent	₱22,065,958	₱40,010,501
	Divide by: Total revenue	64,688,245	128,097,541
	Net income margin	34%	31%
Interest Coverage Ratio	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Total Interest Expense		
	Income from operations	₱31,066,952	₱61,279,241
	Less: Net income attributable to non-controlling interest	(446,556)	(853,344)
	Add: Depreciation and amortization	7,318,594	13,656,773
	EBITDA	37,938,990	74,082,670
	Divide by: Interest expense	5,832,086	13,963,271
	Interest coverage ratio	6.51	5.31

Ratio	Formula	June 30, 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	₱383,324,227	₱366,657,571
	Divide by: EBITDA	76,804,708*	74,082,670
	Debt to EBITDA	4.99	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	₱42,631,652*	₱40,010,501
	Divide by: Total average investment properties (excluding construction in progress)	466,113,431	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 13% in 1H2024 to ₱22.07 billion

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

	Six Months Ended June 30				
	2024	% to Revenues	2023	% to Revenues	% Change
Profit and Loss Data					
Revenues	64,688	100%	59,854	100%	8%
Costs and Expenses	33,621	52%	30,901	52%	9%
Operating Income	31,067	48%	28,952	48%	7%
Net Income	22,066	34%	19,445	32%	13%
EBITDA	37,939	59%	35,217	59%	8%

	Second Quarter Ended June 30				
	2024	% to Revenues	2023	% to Revenues	% Change
Profit and Loss Data					
Revenues	33,969	100%	31,222	100%	9%
Costs and Expenses	17,613	52%	16,098	52%	9%
Operating Income	16,356	48%	15,124	48%	8%
Net Income	11,604	34%	10,002	32%	16%
EBITDA	19,828	58%	18,275	59%	8%

	Second Quarter vs. First Quarter				
	2Q2024	% to Revenues	1Q2024	% to Revenues	% Change
Profit and Loss Data					
Revenues	33,969	100%	30,719	100%	11%
Costs and Expenses	17,613	52%	16,008	52%	10%
Operating Income	16,356	48%	14,711	48%	11%
Net Income	11,604	34%	10,462	34%	11%
EBITDA	19,828	58%	18,111	59%	9%

	Jun 30 2024	% to Total Assets	Dec 31 2023	% to Total Assets	% Change
Balance Sheet Data					
Total Assets	976,976	100%	943,328	100%	4%
Investment Properties	570,153	58%	545,075	58%	5%
Total Debt	383,324*	39%	366,658	39%	5%
Net Debt	349,547	36%	334,841	35%	4%
Total Equity	408,023	42%	396,197	42%	3%

**The increase in total debt includes ₦5 billion foreign exchange translation.*

	Consolidated		Recurring Business	
	Jun 30 2024	Dec 31 2023	Jun 30 2024	Dec 31 2023
Financial Ratios				
Current Ratio*	2.10	2.17	2.32	2.54
Acid Test Ratio*	1.06	1.09	1.16	1.29
Solvency Ratio	1.73	1.73	1.77	1.77
Debt to Equity	48 : 52	48 : 52	47 : 53	48 : 52
Net Debt to Equity	46 : 54	46 : 54	45 : 55	45 : 55
Asset to Equity	2.39	2.38	2.31	2.34
Return on Equity	0.11	0.11	0.11	0.11
Net Income Margin	0.34	0.31	0.34	0.31
Interest Coverage Ratio	6.51	5.31	6.51	5.31
Debt to EBITDA	4.99	4.95	4.60	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 ₱33.97 billion in the second quarter of 2024, an increase of 11% as compared to ₱30.72 billion in the first quarter of 2024. Consolidated revenues in the first six months of 2024 is ₱64.69 billion, an increase of 8% compared to ₱59.85 billion in the same period of 2023, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱37.83 billion in the first six months of 2024, a 10% increase from ₱34.53 billion in the same period of 2023. 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 ₱10.80 billion in the second quarter of 2024, an increase of 23% as compared to ₱8.79 billion in the first quarter of 2024. Real estate sales increased by 6% to ₱19.59 billion in the first six months of 2024 from ₱18.49 billion in the same period of 2023 due to sales take-up and construction accomplishment of ongoing projects including Now Residences in Pampanga, Bloom Residences and Gold Residences in Parañaque, Vail Residences in Cagayan de Oro, and Glade Residences in Iloilo. Reservation sales is at ₱40.21 billion in the first six months of 2024.

Other Revenues

SM Prime's other revenues increased to ₱3.88 billion in the second quarter of 2024, a 14% increase compared to the first quarter of 2024, mainly due to blockbuster movies and SM Cinema's exclusive* movies shown during the period. These include Inside Out 2, How To Make Millions Before Grandma Dies*, Haikyuu!! The Dumpster Battle*, Godzilla x Kong: The New Empire and Kingdom of the Planet of the Apes. Other revenues increased by 6% to ₱7.27 billion in the first six months of 2024 from ₱6.84 billion in the same period in 2023. Other revenues include sponsorships and advertising revenues, ice skating, bowling, amusement and recreation operations and sale of food and beverages in hotels.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱33.62 billion in the first six months of 2024, an increase of 9% from ₱30.90 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 58% in 2024.

Other Income (Charges)

Interest Expense

SM Prime's consolidated interest expense increased to ₱5.83 billion in the first six months of 2024 compared to ₱5.23 billion in the same period in 2023, mainly due to new bank loans availed for working capital and capital expenditure requirements.

Interest, Dividend and Others - net

Interest, dividend and others - net increased to ₱1.92 billion in 2024 compared to ₱0.86 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 ₱4.64 billion in 2024 compared to ₱4.71 billion in the same period in 2023.

Net income attributable to Parent

SM Prime's net income attributable to Parent increased to ₱11.60 billion in the second quarter of 2024, an 11% increase as compared to ₱10.46 billion in the first quarter of 2024. Consolidated net income attributable to Parent increased by 13% to ₱22.07 billion in the first six months of 2024 compared to ₱19.44 billion in the same period in 2023.

Balance Sheet Accounts

SM Prime's total assets amounted to ₱976.98 billion and ₱943.33 billion as of June 30, 2024 and December 31, 2023, respectively.

Cash and cash equivalents increased by 6% to ₱33.78 billion from ₱31.82 billion as of June 30, 2024 and December 31, 2023, respectively, mainly due to collections and money market placements availed for the period, net of payments for capital expenditures and maturing debts.

Equity instruments at fair value through other comprehensive income (FVOCI) decreased by 5% to ₱19.34 billion from ₱20.32 billion as of June 30, 2024 and December 31, 2023, respectively. There is equivalent decrease in the net fair value of equity instruments at FVOCI to ₱15.97 billion from ₱16.94 billion as of June 30, 2024 and December 31, 2023, respectively.

Derivative assets - net increased by 6% to ₱5.56 billion from ₱5.25 billion as of June 30, 2024 and December 31, 2023, respectively, mainly due to foreign exchange and net fair value changes on swap transactions and maturities during the period. Unrealized gain on net fair value changes on cash flow hedges decreased to ₱0.70 billion from ₱1.08 billion as of June 30, 2024 and December 31, 2023, respectively.

Investment properties increased by 5% to ₱570.15 billion from ₱545.07 billion as of June 30, 2024 and December 31, 2023, respectively, primarily due to ongoing coastal development, new mall projects and redevelopment of existing malls, and construction of commercial projects, net of depreciation expense for the period.

Other noncurrent assets include noncurrent portion of receivables from sale of real estate and deposit to suppliers and contractors. The account increased by 7% to ₱132.15 billion from ₱124.03 billion as of June 30, 2024 and December 31, 2023, respectively.

Interest-bearing debt increased by 5% to ₱383.32 billion from ₱366.66 billion as of June 30, 2024 and December 31, 2023, respectively, due to net availments for the period and foreign exchange translation. The relevant exchange rates used are ₱58.61 to US\$1.00 and ₱8.06 to RMB1.00 as at June 30, 2024 compared to ₱55.37 to US\$1.00 and ₱7.80 to RMB1.00 as at December 31, 2023.

Tenants' and customers' deposits increased by 6% to ₱26.86 billion from ₱25.30 billion as of June 30, 2024 and December 31, 2023, respectively, and is attributable to the new malls and office building tenants.

Cumulative translation adjustment increased to ₱3.65 billion from ₱2.56 billion as of June 30, 2024 and December 31, 2023, respectively, as a result of foreign exchange movement between periods.

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 June 30, 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 maintains ₱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 5,000 to 7,000 residential units in 2024.

As of June 30, 2024, SM Prime's malls business unit has eighty-six shopping malls in the Philippines with 9.3 million square meters of gross floor area (GFA) and eight shopping malls in China with 1.6 million square meters of GFA. In May 2024, the Company opened its 86th mall namely SM City Caloocan in Bagumbong, Caloocan City. The Company intends to launch two new malls for the rest of 2024, namely SM City J Mall in Cebu and SM City Laoag in Ilocos Norte. These new malls will provide an additional GFA of approximately 0.2 million square meters.

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 38% in 1H 2023 to ₱19.4 billion

Financial and Operational Highlights

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

	Second Quarter Ended June 30					Six Months Ended June 30				
	2023	% to Revenues	2022	% to Revenues	% Change	2023	% to Revenues	2022	% to Revenues	% Change
Profit and Loss Data										
Revenues	31,222	100%	22,451	100%	39%	59,854	100%	46,344	100%	29%
Costs and Expenses	16,098	52%	11,784	52%	37%	30,901	52%	24,987	54%	24%
Operating Income	15,124	48%	10,667	48%	42%	28,952	48%	21,357	46%	36%
Net Income	10,002	32%	6,692	30%	49%	19,445	32%	14,108	30%	38%
EBITDA	18,275	58%	13,481	60%	35%	35,217	59%	26,965	58%	31%

	June 30 2023	% to Total Assets	Dec 31 2022	% to Total Assets
Balance Sheet Data				
Total Assets	914,057	100%	874,215	100%
Investment Properties	515,626	56%	489,266	56%
Total Debt	370,872	41%	352,397	40%
Net Debt	329,799	36%	310,337	35%
Total Equity	376,195	41%	363,201	42%

Financial Ratios	June 30 2023	Dec 31 2022
Current Ratio*	2.43	2.50
Acid Test Ratio*	1.33	1.41
Solvency Ratio	1.71	1.72
Debt to Equity	50 : 50	49 : 51
Net Debt to Equity	47 : 53	46 : 54
Asset to Equity	2.43	2.41
Return on Equity	0.11	0.09
Net Income Margin	0.32	0.28
Interest Coverage Ratio	6.73	5.33
Debt to EBITDA	5.27	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 ₱59.85 billion in the first six months of 2023, an increase of 29% compared to ₱46.34 billion in the same period of 2022, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱34.53 billion in the first six months of 2023, a 36% increase from ₱25.38 billion in the same period of 2022. 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 ₱18.49 billion in the first six months of 2023 compared to ₱17.71 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, Ice Residences and South Residences. Reservation sales increased by 15% to ₱68.51 billion in the first six months of 2023 from ₱59.42 billion in the same period last year.

Other Revenues

SM Prime's other revenues increased to ₱6.84 billion in the first six months of 2023 from ₱3.25 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 six months of the year, including The Little Mermaid, John Wick: Chapter 4, Avatar: The Way of Water, Guardians of the Galaxy Vol. 3, and Ant-man and the Wasp: Quantumania. 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 ₱30.90 billion in the first six months of 2023, an increase of 24% from ₱24.99 billion in the same period in 2022, mainly due to increase operating expenses. Gross profit margin on real estate is 60% in the first six months of 2023 as a result of improving cost efficiencies and tighter monitoring and control of construction cost. 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 ₱5.23 billion in the first six months of 2023 compared to ₱3.82 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 ₱0.86 billion in the first six months of 2023 compared to ₱0.67 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 ₱4.71 billion in the first six months of 2023 compared to ₱3.83 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 ₱0.42 billion in the first six months of 2023 compared to ₱0.27 billion in the same period in 2022.

Net income attributable to Parent

SM Prime's consolidated net income attributable to Parent increased by 38% to ₱19.44 billion in the first six months of 2023 compared to ₱14.11 billion in the same period in 2022.

Balance Sheet Accounts

SM Prime's total assets amounted to ₱914.06 billion and ₱874.21 billion as of June 30, 2023 and December 31, 2022, respectively.

Cash and cash equivalents decreased to ₱41.07 billion from ₱42.06 billion as of June 30, 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 6% to ₱27.27 billion from ₱25.77 billion as of June 30, 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 17% to ₱20.56 billion from ₱17.61 billion as of June 30, 2023 and December 31, 2022, respectively, with equivalent increase of 21% in net fair value changes of equity instruments at FVOCI to ₱17.18 billion from ₱14.23 billion as of June 30, 2023 and December 31, 2022, respectively, due to changes in fair values under this portfolio.

Derivative assets - net decreased by 6% to ₱6.62 billion from ₱7.02 billion as of June 30, 2023 and December 31, 2022, respectively, mainly due to foreign exchange and net fair value changes on swap transactions and maturities during the period. This also resulted to the decrease in net fair value changes on cash flow hedges to ₱1.96 billion from ₱2.98 billion unrealized gain as of June 30, 2023 and December 31, 2022, respectively.

Investment properties increased by 5% to ₱515.63 billion from ₱489.27 billion as of June 30, 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.

Other noncurrent assets, which includes noncurrent portion of receivables from sale of real estate and bonds and deposits for real estate acquisitions, increased by 8% to ₱116.13 billion from ₱107.60 billion as of June 30, 2023 and December 31, 2022, respectively.

Loans payable increased by 19% to ₱6.45 billion from ₱5.42 billion as of June 30, 2023 and December 31, 2022, respectively, due to loan availments, net of payments for the period.

Income tax payable increased to ₱1.34 billion from ₱0.77 billion as of June 30, 2023 and December 31, 2022, respectively, mainly due to provisions for the year, net of payments.

Long-term debt increased by 5% to ₱364.42 billion from ₱346.97 billion as of June 30, 2023 and December 31, 2022, respectively, mainly due to issuance of retail bonds and new loan availments, net of payments of matured loans during the period.

Other noncurrent liabilities increased by 11% to ₱34.86 billion from ₱31.39 billion as of June 30, 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 ₱1.90 billion from ₱3.44 billion as of June 30, 2023 and December 31, 2022, respectively, as a result of foreign exchange.

Non-controlling interests increased by 8% to ₱2.11 billion from ₱1.95 billion as of June 30, 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 June 30, 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-five residential projects, forty-seven of which are in Metro Manila and eighteen are outside Metro Manila. The Company aims to launch 12,000 to 15,000 residential units in 2023.

SM Prime's malls business unit has eighty-three shopping malls in the Philippines with 9.1 million square meters of gross floor area (GFA) and seven shopping malls in China with 1.4 million square meters of GFA. In May 2023, the Company opened its 83rd mall in Balanga City, Bataan. The Company intends to launch two new malls in the Philippines for the rest of 2023 namely 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 0.1 million square meters of GFA. The Company also intends to launch one new mall in Yangzhou, China 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.

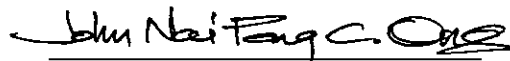
SIGNATURE

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: August 13, 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