

COVER SHEET

SEC Registration Number

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

COMPANY NAME

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B	S	I	D	I	A	R	I	E	S																				

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

2,319

Annual Meeting
Month/DayFiscal Year
Month/Day

September 30

CONTACT PERSON INFORMATIONThe 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 3rd Quarter of 2024
(Form Type)

N/A
Amendment Designation

September 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 **SEPTEMBER 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 Industry Classification Code:
incorporation or organization
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 P1 Par Value	28,879,231,694
Debt Securities - Retail Bonds	P137,831,040,000

11. Are any or all of these securities listed on a Stock Exchange.
Yes [**X**] 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 [**X**] No []
 - (b) has been subject to such filing requirements for the past 90 days.
Yes [**X**] No []

SM Prime Holdings, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements

As at September 30, 2024

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

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 17, 20 and 21)	₱39,364,651	₱31,816,802
Receivables and contract assets (Notes 6, 12, 17, 20 and 21)	80,253,898	76,952,202
Real estate inventories (Note 7)	78,175,303	77,886,781
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 8, 20 and 21)	776,157	747,840
Derivative assets (Notes 20 and 21)	231,972	2,247,073
Prepaid expenses and other current assets (Note 9)	26,441,793	27,804,930
Total Current Assets	225,243,774	217,455,628
Noncurrent Assets		
Equity instruments at FVOCI - net of current portion (Notes 8, 17, 20 and 21)	22,503,173	19,570,212
Investment properties (Notes 10 and 21)	581,238,151	545,074,746
Investments in associates and joint ventures (Note 11)	34,259,321	32,431,195
Deferred tax assets - net	1,636,643	1,492,359
Derivative assets - net of current portion (Notes 20 and 21)	2,086,228	3,276,971
Other noncurrent assets (Notes 12, 17 and 21)	131,837,156	124,026,464
Total Noncurrent Assets	773,560,672	725,871,947
	₱998,804,446	₱943,327,575
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 13, 17, 20 and 21)	₱22,741,643	₱4,288,964
Accounts payable and other current liabilities (Notes 14, 17, 20 and 21)	104,367,960	99,077,428
Current portion of long-term debt (Notes 15, 17, 20 and 21)	69,886,404	67,746,351
Derivative liabilities (Notes 20 and 21)	110,848	7,423
Income tax payable	1,731,234	1,295,842
Total Current Liabilities	198,838,089	172,416,008
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 15, 17, 20 and 21)	293,033,563	294,622,256
Tenants' and customers' deposits - net of current portion (Notes 14, 20 and 21)	27,159,338	25,301,504
Deferred tax liabilities - net	13,333,665	12,458,096
Derivative liabilities - net of current portion (Notes 20 and 21)	499,060	265,013
Other noncurrent liabilities (Notes 14 and 21)	40,211,804	39,377,662
Total Noncurrent Liabilities	374,237,430	372,024,531
Total Liabilities	573,075,519	544,440,539

	September 30, 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	38,164,173	38,159,900
Cumulative translation adjustment	3,463,796	2,556,139
Net fair value changes of equity instruments at FVOCI (Note 8)	19,899,863	16,938,503
Net fair value changes on cash flow hedges (Note 21)	(131,974)	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	290,038,465	266,143,815
Treasury stock (Notes 16 and 23)	(2,984,695)	(2,984,695)
Total Equity Attributable to Equity Holders of the Parent	422,753,491	396,196,619
Non-controlling Interests	2,975,436	2,690,417
Total Equity	425,728,927	398,887,036
	P998,804,446	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 September 30		Nine-Month Periods Ended September 30	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
REVENUES				
Rent (Notes 10 and 17)	₱19,405,905	₱18,121,733	₱57,237,426	₱52,648,960
Real estate sales	12,212,676	11,309,829	31,798,173	29,795,838
Others (Notes 17 and 18)	3,456,832	3,317,464	10,728,059	10,158,075
	35,075,413	32,749,026	99,763,658	92,602,873
COSTS AND EXPENSES (Notes 17 and 19)	18,474,249	17,179,213	52,095,542	48,080,658
INCOME FROM OPERATIONS	16,601,164	15,569,813	47,668,116	44,522,215
OTHER INCOME (CHARGES)				
Interest expense (Notes 6, 13, 15 and 17)	(3,525,196)	(3,663,800)	(9,357,282)	(8,893,541)
Interest and dividend income (Notes 5, 6, 8, 12 and 17)	547,137	631,405	1,660,044	1,621,697
Others - net (Notes 11, 14 and 15)	980,843	773,911	1,785,744	642,318
	(1,997,216)	(2,258,484)	(5,911,494)	(6,629,526)
INCOME BEFORE INCOME TAX	14,603,948	13,311,329	41,756,622	37,892,689
PROVISION FOR INCOME TAX (Note 22)	2,565,171	2,410,373	7,205,331	7,125,148
NET INCOME	₱12,038,777	₱10,900,956	₱34,551,291	₱30,767,541
Attributable to:				
Equity holders of the Parent (Notes 16 and 23)	₱11,812,299	₱ 10,681,503	₱33,878,257	₱30,126,310
Non-controlling interests (Note 16)	226,478	219,453	673,034	641,231
	₱12,038,777	₱10,900,956	₱34,551,291	₱30,767,541
Basic/Diluted earnings per share (Note 23)	₱0.409	₱0.370	₱1.174	₱1.044
Dividend per share (Note 16)	—	—	₱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 Periods Ended September 30		Nine-Month Periods Ended September 30	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
NET INCOME	₱12,038,777	₱10,900,956	₱34,551,291	₱30,767,541
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)	3,934,582	535,333	2,962,071	3,483,461
Items that may be reclassified to profit or loss in subsequent periods:				
Net fair value changes on cash flow hedges (Note 21)	(834,967)	(312,173)	(1,211,068)	(1,341,093)
Cumulative translation adjustment	(185,696)	512,276	907,657	(1,020,024)
	2,913,919	735,436	2,658,660	1,122,344
TOTAL COMPREHENSIVE INCOME	₱14,952,696	₱11,636,392	₱37,209,951	₱31,889,885
Attributable to:				
Equity holders of the Parent (Note 16)	₱14,726,218	₱11,416,939	₱36,536,917	₱31,248,654
Non-controlling interests (Note 16)	226,478	219,453	673,034	641,231
	₱14,952,696	₱11,636,392	₱37,209,951	₱31,889,885

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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)		Non-controlling Interests	Total Equity
	(Notes 16 and 23)						Appropriated	Unappropriated		Total		
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	—	—	—	—	—	—	—	33,878,257	—	33,878,257	673,034	34,551,291
Other comprehensive income (loss)	—	—	907,657	2,962,071	(1,211,068)	—	—	—	—	2,658,660	—	2,658,660
Net fair value changes of equity instruments at FVOCI without recycling	—	—	—	(711)	—	—	—	711	—	—	—	—
Total comprehensive income (loss) for the period	—	—	907,657	2,961,360	(1,211,068)	—	—	33,878,968	—	36,536,917	673,034	37,209,951
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	—	—	—	—	—	—	—	—	—	—	(389,430)	(389,430)
Sale of non-controlling interest	—	4,273	—	—	—	—	—	—	—	4,273	1,415	5,688
At September 30, 2024 (Unaudited)	P33,166,300	P38,164,173	P3,463,796	P19,899,863	(P131,974)	(P1,062,437)	P42,200,000	P290,038,465	(P2,984,695)	P422,753,491	P2,975,436	P425,728,927
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	—	—	—	—	—	—	—	30,126,310	—	30,126,310	641,231	30,767,541
Other comprehensive income (loss)	—	—	(1,020,024)	3,483,461	(1,341,093)	—	—	—	—	1,122,344	—	1,122,344
Total comprehensive income (loss) for the period	—	—	(1,020,024)	3,483,461	(1,341,093)	—	—	30,126,310	—	31,248,654	641,231	31,889,885
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	—	10,997	—	—	—	—	—	—	—	10,997	3,255	14,252
At September 30, 2023 (Unaudited)	P33,166,300	P38,135,190	P2,415,147	P17,715,975	P1,643,512	(P928,882)	P42,200,000	P256,259,624	(P2,984,695)	P387,622,171	P2,335,152	P389,957,323

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

(Amounts in Thousands)

	Nine-Month Periods Ended September 30	
	2024	2023
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P41,756,622	P37,892,689
Adjustments for:		
Depreciation and amortization (Notes 10, 12 and 19)	11,123,369	10,045,564
Interest expense (Notes 6, 13, 15 and 17)	9,357,282	8,893,541
Equity in net earnings of associates and joint ventures (Note 11)	(1,830,966)	(1,675,601)
Interest and dividend income (Notes 5, 6, 8, 12 and 17)	(1,660,044)	(1,621,697)
Loss on unrealized foreign exchange and fair value changes on derivatives - net	225,540	71,530
Operating income before working capital changes	58,971,803	53,606,026
Decrease (increase) in:		
Receivables and contract assets	(11,698,760)	(14,635,820)
Real estate inventories	(123,689)	(6,156,238)
Prepaid expenses and other current assets	307,782	615,095
Increase in:		
Accounts payable and other liabilities	8,517,475	16,865,629
Tenants' and customers' deposits	1,809,913	1,397,689
Cash generated from operations	57,784,524	51,692,381
Income tax paid	(6,004,011)	(6,269,531)
Net cash provided by operating activities	51,780,513	45,422,850
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,129,580	1,277,809
Dividends received	450,411	387,306
Net additions to investment properties (Note 10)	(46,197,974)	(50,934,798)
Increase in other noncurrent assets	(508,258)	(2,127,014)
Net cash used in investing activities	(45,126,241)	(51,396,697)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of interest-bearing debt (Notes 13 and 15)	130,452,024	92,949,363
Proceeds from matured derivatives	2,305,176	315,150
Payments of:		
Interest-bearing debt (Notes 13 and 15)	(112,650,503)	(77,983,725)
Dividends	(10,373,748)	(7,113,419)
Interest	(8,159,827)	(7,732,528)
Lease liabilities	(668,311)	(655,360)
Net cash provided (used) by financing activities	904,811	(220,519)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(11,234)	63,718
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,547,849	(6,130,648)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	31,816,802	42,060,082
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P39,364,651	P35,929,434

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 September 30, 2024, there were no significant 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 nine-month period ended September 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 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

September 30, 2024 (Unaudited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenues:						
External customers	P56,470,050	P32,304,550	P5,515,284	P5,473,774	P–	P99,763,658
Inter-segment	164,586	2,917	–	92,836	(260,339)	–
	P56,634,636	P32,307,467	P5,515,284	P5,566,610	(P260,339)	P99,763,658
Segment results:						
Income before income tax	P27,158,857	P9,987,342	P1,156,720	P3,574,151	(P120,448)	P41,756,622
Provision for income tax	(4,700,710)	(1,755,995)	(205,699)	(542,927)	–	(7,205,331)
Net income	P22,458,147	P8,231,347	P951,021	P3,031,224	(P120,448)	P34,551,291
Net income attributable to:						
Equity holders of the Parent	P21,794,189	P8,222,271	P951,021	P3,031,224	(P120,448)	P33,878,257
Non-controlling interests	663,958	9,076	–	–	–	673,034
Other information:						
Capital expenditures	P24,279,712	P15,878,148	P1,548,817	P18,439,723*	P–	P60,146,400
Depreciation and amortization	9,095,546	90,196	581,045	1,356,582	–	11,123,369

*Includes P12,539 million coastal development

September 30, 2023 (Unaudited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenues:						
External customers	P52,485,188	P30,254,928	P4,919,297	P4,943,460	P–	P92,602,873
Inter-segment	129,140	2,917	12,215	82,662	(226,934)	–
	P52,614,328	P30,257,845	P4,931,512	P5,026,122	(226,934)	P92,602,873
Segment results:						
Income before income tax	P24,115,149	P9,356,959	P1,151,158	P3,415,724	(P146,301)	P37,892,689
Provision for income tax	(4,752,763)	(1,656,258)	(194,681)	(521,446)	–	(7,125,148)
Net income	P19,362,386	P7,700,701	P956,477	P2,894,278	(P146,301)	P30,767,541
Net income attributable to:						
Equity holders of the Parent	P18,730,059	P7,691,797	P956,477	P2,894,278	(P146,301)	P30,126,310
Non-controlling interests	632,327	8,904	–	–	–	641,231
Other information:						
Capital expenditures	P30,892,309	P21,484,627	P1,471,630	P18,124,172*	P–	P71,972,738
Depreciation and amortization	8,353,215	94,967	460,214	1,137,168	–	10,045,564

*Includes P14,659 million coastal development

September 30, 2024 (Unaudited)						
	Mall	Residential	Hotels and Convention Centers	Commercial and Coastal Development	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Segment assets	P487,872,791	P356,051,190	P25,810,197	P130,878,878	(P1,808,610)	P998,804,446
Segment liabilities	P326,422,093	P199,549,988	P1,496,946	P47,415,102	(P1,808,610)	P573,075,519

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 nine-month periods ended September 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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Cash on hand and in banks (see Note 17)	₱6,332,873	₱10,239,900
Temporary investments (see Note 17)	33,031,778	21,576,902
	₱39,364,651	₱31,816,802

Interest income earned from cash in banks and temporary investments amounted to ₱1,024 million and ₱1,089 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

6. Receivables and Contract Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Trade (billed and unbilled):		
Sale of real estate*	₱145,300,861	₱132,177,723
Rent (see Note 17)	12,002,722	12,823,812
Accrued interest (see Note 17)	409,209	265,371
Nontrade and others (see Note 17)	2,465,191	3,062,977
	160,177,983	148,329,883
Less allowance for expected credit loss (ECLs)	776,716	777,378
	159,401,267	147,552,505
Less noncurrent portion of receivables from sale of real estate (see Note 12)	79,147,369	70,600,303
	₱80,253,898	₱76,952,202

*Includes unbilled revenue from sale of real estate amounting to ₱136,248 million and ₱114,898 million as at September 30, 2024 and December 31, 2023, respectively.

Interest income earned from receivables amounted to ₱164 million and ₱162 million for the nine-month periods ended September 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 nine-month periods September 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. The outstanding balance as at September 30, 2024 and December 31, 2023 is nil and ₱217 million, respectively. The fair value of the assigned receivables and the related liability from assigned receivables approximates their costs. The related liability is included in Others under “Accounts payable and other current liabilities” account, bear interest rates of 5.00% to 6.50% as at December 31, 2023. (see Note 14).

The total cost of related financing recorded under interest expense amounted to ₱160 million and ₱41 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
At beginning of the period	₱777,378	₱721,482
Provisions (reversals) - net	(662)	55,896
At end of the period	₱776,716	₱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	13,730,009	46,860	13,776,869
Cost of real estate sold (see Note 19)	(7,601,516)	(6,051,664)	(13,653,180)
Transfers	(2,187,615)	2,187,615	—
Reclassifications from investment properties (see Note 10)	141,814	—	141,814
Translation adjustment	—	23,019	23,019
Balance as at September 30, 2024 (Unaudited)	₱56,841,029	₱21,334,274	₱78,175,303

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 September 30, 2024 and December 31, 2023.

Contract fulfillment assets, included under land and development, mainly pertain to unamortized portion of land cost totaling ₱1,956 million and ₱1,777 million as at September 30, 2024 and December 31, 2023, respectively.

8. Equity Instruments at FVOCI

This account consists of investments in:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Shares of stock:		
Listed (see Note 17)	₱23,274,013	₱20,312,735
Unlisted	5,317	5,317
	23,279,330	20,318,052
Less noncurrent portion	22,503,173	19,570,212
	₱776,157	₱747,840

Dividend income from investments at FVOCI amounted to ₱387 million and ₱329 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

Unrealized gain of ₱2,962 million and ₱3,483 million on changes in fair value for the nine-month periods ended September 30, 2024 and 2023, respectively were included under other comprehensive income.

9. Prepaid Expenses and Other Current Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Input and creditable withholding taxes	₱13,243,298	₱12,030,388
Advances and deposits	8,960,188	8,724,322
Prepaid taxes and other prepayments	3,542,365	6,409,923
Supplies, inventories and others	695,942	640,297
	₱26,441,793	₱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	5,120,813	2,252,719	–	38,442,825	45,816,357
Reclassifications (see Note 7)	9,574,415	2,571,147	–	(12,287,376)	(141,814)
Translation adjustment	1,343,783	113,619	432,829	182,198	2,072,429
Disposals	(269,266)	(45,097)	–	–	(314,363)
Balance as at September 30, 2024 (Unaudited)	₱517,012,185	₱65,985,746	₱33,848,918	₱108,340,455	₱725,187,304
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)	7,203,229	3,137,411	629,172	–	10,969,812
Translation adjustment	335,398	64,970	20,558	–	420,926
Disposals	(81,697)	(39,837)	–	–	(121,534)
Balance as at September 30, 2024 (Unaudited)	₱97,963,405	₱42,070,796	₱3,914,952	₱–	₱143,949,153
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 September 30, 2024 (Unaudited)	₱419,048,780	₱23,914,950	₱29,933,966	₱108,340,455	₱581,238,151

The Company disposed certain investment properties in 2024 and 2023. The gain (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 ₱1,522 million and ₱1,455 million as at September 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 ₱57,237 million and ₱52,649 million for the nine-month periods ended September 30, 2024 and 2023, respectively. Consolidated costs and expenses from investment properties amounted to ₱31,642 million and ₱28,576 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

Construction in progress includes coastal development cost, shopping mall and commercial building constructions and landbanking amounted to ₱108,340 million and ₱82,003 million as at September 30, 2024 and December 31, 2023, respectively.

The outstanding contracts with various contractors related to the construction of on-going projects are valued at ₱63,083 million and ₱78,353 million as at September 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 ₱6,667 million and ₱5,791 million and capitalization rates used range from 2.46% to 5.75% and from 2.27% to 5.38% for the nine-month period ended September 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 September 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	1,148,276	682,690	1,830,966
Dividends	–	(35,190)	(35,190)
Translation	32,350	–	32,350
Balance as at September 30, 2024 (Unaudited)	₱23,164,072	₱11,095,249	₱34,259,321

The carrying value of investment in Ortigas Land Corporation (OLC) amounted to ₱21,764 million and ₱20,615 million as at September 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 ₱1,149 million and ₱998 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

The carrying value of investment in Feihua Real Estate (Chongqing) Company Ltd. amounted to ₱1,400 million and ₱1,368 million as at September 30, 2024 and December 31, 2023, respectively including cumulative equity in net earnings amounting to ₱1,095 million and ₱1,070 million as at September 30, 2024 and December 31, 2023, respectively.

The carrying values of investments in Waltermart amounted to ₱8,661 million and ₱8,152 million as at September 30, 2024 and December 31, 2023, respectively. The aggregate share in profit and total comprehensive income, net of dividends amounted to ₱509 million and ₱496 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

The carrying value of investment in ST 6747 Resources Corporation amounted to ₱2,434 million and ₱2,296 million as at September 30, 2024 and December 31, 2023, respectively. The aggregate share in profit and total comprehensive income amounted to ₱138 million and ₱182 million for the nine-month periods ended September 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 September 30, 2024 and December 31, 2023.

12. Other Noncurrent Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Receivables from sale of real estate - net of current portion* (see Note 6)	₱79,147,369	₱70,600,303
Bonds and deposits	46,376,001	46,894,238
Escrow and time deposits (see Note 17)	3,747,129	3,656,453
Property and equipment - net of accumulated depreciation of ₱2,707 million and ₱2,584 million, respectively (see Note 19)	1,501,001	1,554,990
Deferred input tax	607,299	779,864
Others	458,357	540,616
	₱131,837,156	₱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 ₱85 million and ₱42 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

13. Loans Payable

This account consists of unsecured Philippine peso and China yuan renminbi denominated loans obtained from local and foreign banks amounting to ₱22,742 million and ₱4,289 million as at September 30, 2024 and December 31, 2023, respectively, with due dates of less than one year. These loans bear weighted average interest rates of 5.75% and 3.56% and China loan prime rate (LPR), respectively.

Interest expense incurred from loans payable amounted to ₱467 million and ₱207 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

14. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Trade payables (see Note 17)	P51,419,990	P51,655,918
Tenants' and customers' deposits*	41,558,998	39,678,216
Accrued operating expenses	21,855,516	15,834,744
Deferred output VAT	15,843,503	14,411,482
Lease liabilities	13,168,710	13,313,112
Retention payable	9,998,931	8,834,072
Accrued interest (see Note 17)	4,024,556	2,827,101
Liability for purchased land	3,319,718	5,042,435
Payable to government agencies	628,658	854,877
Nontrade	449,670	437,049
Others	2,765,286	2,822,122
	165,033,536	155,711,128
Less noncurrent portion	60,665,576	56,633,700
	P104,367,960	P99,077,428

*Includes unearned revenue from sale of real estate amounting to P7,946 million and P7,018 million as at September 30, 2024 and December 31, 2023, respectively.

Lease liabilities included in "Other noncurrent liabilities" amounted to P13,040 million and P13,181 million as at September 30, 2024 and December 31, 2023, respectively. Interest on lease liabilities included under "Others - net" in the interim consolidated statements of income amounted to P255 million and P277 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

The undiscounted payments of lease liabilities are scheduled as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Within 1 year	P892,141	P874,205
More than 1 year to 5 years	3,572,582	3,539,853
More than 5 years	26,950,298	27,505,845
	P31,415,021	P31,919,903

Accrued operating expenses consist of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Payable to contractors	P11,584,941	P9,400,962
Utilities	5,319,850	2,468,876
Marketing, advertising and others	4,950,725	3,964,906
	P21,855,516	P15,834,744

15. Long-term Debt

This account consists of:

	Availment Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				September 30, 2024	December 31, 2023
				(Unaudited)	(Audited)
				(In Thousands)	
Philippine peso-denominated loans	September 1, 2014 - September 23, 2024	April 25, 2024 - April 22, 2032	Floating BVAL + margin; Fixed 5.49%	₱276,870,940	₱269,313,740
U.S. dollar-denominated loans*	April 15, 2019 - August 27, 2024	February 28, 2024 - August 10, 2029	SOFR + spread; quarterly	76,603,546	84,350,144
China yuan renminbi-denominated loans**	May 6, 2021 - September 23, 2024	April 20, 2026 - June 24, 2037	LPR; annually; Fixed - 3.65%	11,336,146	10,590,461
				364,810,632	364,254,345
Less debt issue cost				1,890,665	1,885,738
				362,919,967	362,368,607
Less current portion				69,886,404	67,746,351
				₱293,033,563	₱294,622,256

BVAL – Bloomberg Valuation Service

SOFR – Secured Overnight Financing Rate

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

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

Debt Issue Cost

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of the year	P1,885,738	P2,112,928
Additions	611,408	645,502
Amortization	(606,481)	(872,692)
Balance at end of the year	P1,890,665	P1,885,738

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	P70,621,022	(P734,618)	P69,886,404
More than 1 year to 5 years	256,575,907	(1,091,761)	255,484,146
More than 5 years	37,613,703	(64,286)	37,549,417
	P364,810,632	(P1,890,665)	P362,919,967

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 September 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 P8,730 million and P8,646 million for the nine-month periods ended September 30, 2024 and 2023, respectively.

16. Equity

Capital Stock

As at September 30, 2024 and December 31, 2023, the Company has an authorized capital stock of 40,000 million with a par value of P1 a share, of which 33,166 million shares were issued (see Note 23).

As at September 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 P0.346 per share or P9,992 million to stockholders of record as of May 8, 2024, P8 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 September 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 ₱111,550 million and ₱115,550 million as at September 30, 2024 and December 31, 2023, respectively.

Treasury Stock

As at September 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 September 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
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)		
(In Thousands)						
Ultimate Parent						
Rent income	₱50,518	₱40,048	₱–	₱–		
Rent receivable	–	–	24,323	7,899	Non-interest bearing	Unsecured; not impaired
Other revenues	26,832	27,296	–	–		
Other receivable	–	–	3,501	2,912	Non-interest bearing	Unsecured; not impaired
Rent expense	41,827	60,195	–	–		
Trade payable	–	–	(62,799)	(34,882)	Non-interest bearing	Unsecured
Equity instruments at FVOCI	–	–	139,676	127,403		
Dividend income	1,315	1,096	–	–		
Bank and Retail Group						
Cash and cash equivalents	117,770,515	100,188,532	32,861,075	23,451,912	Interest bearing based on prevailing rates	Unsecured; not impaired
Rent income	13,304,538	12,760,049	–	–		
Rent receivable	–	–	2,806,237	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	916,400	883,926	–	–		
Accrued interest receivable	–	–	196,945	197,130	Non-interest bearing	Unsecured; not impaired
Receivable financed	1,177,783	–	–	–	Without recourse	Unsecured
Dividend income	297,081	243,066	–	–		
Equity instruments at FVOCI	–	–	17,068,625	14,097,820		

	Amount of Transactions		Outstanding Amount [Asset (Liability)]		Terms	Conditions
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)		
	<i>(In Thousands)</i>					
Escrow and time deposits	₱322,963	₱201,044	₱1,312,314	₱1,277,880	Interest bearing based on prevailing rates	Unsecured; not impaired
Loans payable and long-term debt	11,000,000	4,000,000	(26,763,258)	(20,746,834)	Interest bearing based on prevailing rates	Unsecured
Interest expense	1,178,367	822,225	—	—		
Accrued interest payable	—	—	(242,382)	(176,640)	Non-interest bearing	Unsecured
Other expense	162,712	165,165	—	—		
Trade payable	—	—	(56,263)	(159,999)	Non-interest bearing	Unsecured
Other Related Parties						
Rent income	318,735	287,519	—	—		
Rent receivable	—	—	75,359	74,676	Non-interest bearing	Unsecured; not impaired
Other revenues	66,759	67,655	—	—		
Other receivable	—	—	22,327	26,117	Non-interest bearing	Unsecured; not impaired
Rent expense	456	559	—	—		
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 nine-month periods ended September 30, 2024 and 2023 consist of short-term employee benefits amounting to ₱1,131 million and ₱1,034 million, respectively, and post-employment benefits (pension benefits) amounting to ₱229 million and ₱187 million, respectively.

18. Other Revenues

Details of other revenue follows:

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
	<i>(In Thousands)</i>	
Cinema and event ticket sales	₱3,009,309	₱2,939,264
Merchandise sales	2,616,564	2,399,086
Food and beverages	1,857,899	1,708,977
Amusement income	958,009	934,962
Bowling and ice skating fees	355,129	306,358
Advertising and others (see Note 17)	1,931,149	1,869,428
	₱10,728,059	₱10,158,075

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

19. Costs and Expenses

This account consists of:

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
	<i>(In Thousands)</i>	
Cost of real estate sold (see Note 7)	P13,653,180	P11,982,984
Administrative (see Note 17)	13,229,293	11,874,858
Depreciation and amortization (see Notes 10 and 12)	11,123,369	10,045,564
Marketing and selling expenses	4,588,588	5,337,369
Business taxes and licenses	4,541,949	3,950,088
Film rentals	1,611,757	1,463,091
Rent (see Note 17)	1,028,610	958,955
Insurance	457,884	414,511
Others	1,860,912	2,053,238
	P52,095,542	P48,080,658

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 70% and 78% of its long-term borrowings as at September 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\$11 million (P606 million) as at September 30, 2024 and US\$18 million (P1,003 million) and December 31, 2023.

In translating the foreign currency-denominated monetary assets to peso amounts, the exchange rates used were P56.03 to US\$1.00 and P55.37 to US\$1.00, the Philippine peso to US dollar exchange rates as at September 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:

	September 30, 2024 (Unaudited)				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
<i>(In Thousands)</i>					
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	P2,318,200	P2,318,200	P–	P2,318,200	P–
Financial assets at amortized cost:					
Escrow and time deposits (included under “Other noncurrent assets”)	3,747,129	3,819,443	–	3,819,443	–
Financial assets at FVOCI:					
Equity instruments	23,279,330	23,279,330	23,274,013	–	5,317
Nonfinancial Assets*	581,238,151	2,140,361,677	–	–	2,140,361,677
	P610,582,810	P2,169,778,650	P23,274,013	P6,137,643	P2,140,366,994
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P609,908	P609,908	P–	P609,908	P–
Loans and borrowings:					
Long-term debt - net of current portion	293,033,563	286,447,265	–	–	286,447,265
Tenants’ deposits - net of current portion**	26,602,584	26,262,172	–	–	26,262,172
Other noncurrent liabilities***	11,204,935	11,181,289	–	–	11,181,289
	P331,450,990	P324,500,634	P–	P609,908	P323,890,726

*Consists of investment properties

**Excluding residential customers’ deposits amounting to P557 million as at September 30, 2024.

***Excluding lease liabilities and nonfinancial liabilities amounting to P29,007 million as at September 30, 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
	<i>(In Thousands)</i>				
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 nine-month period ended September 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 September 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 September 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 1.37% to 6.56% and 2.08% to 6.91% as at September 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.

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 September 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:

	September 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*	(1,296,244)	(1,206,733)
Fair value of settled derivatives	(2,247,072)	(566,080)
Balance at end of period	₱1,708,292	₱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:

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
	<i>(In Thousands)</i>	
Provision for current tax	P6,435,709	P6,134,549
Provision for deferred tax	769,622	990,599
	P7,205,331	P7,125,148

23. EPS Computation

Basic/diluted EPS is computed as follows:

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
	<i>(In Thousands, Except Per Share Data)</i>	
Net income attributable to equity holders of the Parent (a)	P33,878,257	P30,126,310
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)	P1.174	P1.044

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

Trade (billed and unbilled):	
Sale of real estate	₱145,300,861
Rent	12,002,722
Accrued interest	409,209
Nontrade and others	2,465,191
	160,177,983
Less allowance for ECLs	776,716
	159,401,267
Less noncurrent portion of receivables from sale of real estate	79,147,369
	₱80,253,898

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

Neither past due nor impaired	₱144,991,521
Past due but not impaired:	
Less than 30 days	3,065,752
31–90 days	4,036,379
91–120 days	2,199,193
Over 120 days	5,108,422
Impaired	776,716
	₱160,177,983

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

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL RATIOS - KEY PERFORMANCE INDICATORS
AS OF SEPTEMBER 30, 2024 and DECEMBER 31, 2023

Ratio	Formula	September 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	₱225,243,774	₱217,455,628
	Current liabilities	198,838,089	172,416,008
	Less: Loans payable*	(22,741,643)	(4,288,964)
	Current portion of long-term debt*	(69,886,404)	(67,746,351)
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	106,210,042	100,380,693
	Current ratio	2.12	2.17
	<i>*due for refinancing</i>		
Acid Test Ratio	Quick Assets divided by Total Current Liabilities		
	Cash and cash equivalents	₱39,364,651	₱31,816,802
	Receivables and contract assets	80,253,898	76,952,202
	Equity instruments at fair value through other comprehensive income - current	776,157	747,840
	Quick assets	120,394,706	109,516,844
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	106,210,042	100,380,693
	Acid test ratio	1.13	1.09
Solvency Ratio	Total Assets divided by Total Liabilities		
	Total assets	₱998,804,446	₱943,327,575
	Divided by: Total liabilities	573,075,519	544,440,539
	Asset to liabilities ratio	1.74	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	₱22,741,643	₱4,288,964
	Current portion of long-term debt	69,886,404	67,746,351
	Long-term debt - net of current portion	293,033,563	294,622,256
	Total interest-bearing debt (a)	385,661,610	366,657,571
	Add: Total equity attributable to equity holders of the parent (b)	422,753,491	396,196,619
	Total interest-bearing debt and equity attributable to equity holders of the parent (c)	808,415,101	762,854,190
	Debt to equity ratio (a/c):(b/c)	48:52	48:52

Ratio	Formula	September 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 divided by Total Equity Attributable to the Equity Holders of the Parent		
	Total interest-bearing debt	₱385,661,610	₱366,657,571
	Less: Cash and cash equivalents	(39,364,651)	(31,816,802)
	Total net interest-bearing debt (a)	346,296,959	334,840,769
	Add: Total equity attributable to equity holders of the parent (b)	422,753,491	396,196,619
	Total net interest-bearing debt and equity attributable to equity holders of the parent (c)	769,050,450	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	₱998,804,446	₱943,327,575
	Divide by: Total equity attributable to equity holders of the parent	422,753,491	396,196,619
	Asset to equity ratio	2.36	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	₱43,762,448*	₱40,010,501
	Divide by: Average total equity attributable to equity holders of the parent	409,475,053	379,699,054
	Return on equity <i>*rolling</i>	11%	11%
Net Income Margin	Net Income divided by Total Revenue		
	Net income attributable to equity holders of the parent	₱33,878,257	₱40,010,501
	Divide by: Total revenue	99,763,658	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	₱47,668,116	₱61,279,241
	Less: Net income attributable to non-controlling interest	(673,034)	(853,344)
	Add: Depreciation and amortization	11,123,369	13,656,773
	EBITDA	58,118,451	74,082,670
	Divide by: Interest expense	9,357,282	13,963,271
	Interest coverage ratio	6.21	5.31

Ratio	Formula	September 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	₱385,661,610	₱366,657,571
	Divide by: EBITDA	78,274,572*	74,082,670
	Debt to EBITDA	4.93	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	₱43,762,448*	₱40,010,501
	Divide by: Total average investment properties (excluding construction in progress)	467,984,817	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 12% in 9M2024 to ₱33.88 billion

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

	Nine Months Ended September 30				
	2024	% to Revenues	2023	% to Revenues	% Change
Profit and Loss Data					
Revenues	99,764	100%	92,603	100%	8%
Costs and Expenses	52,096	52%	48,081	52%	8%
Operating Income	47,668	48%	44,522	48%	7%
Net Income	33,878	34%	30,126	33%	12%
EBITDA	58,118	58%	53,927	58%	8%

	Third Quarter Ended September 30				
	2024	% to Revenues	2023	% to Revenues	% Change
Profit and Loss Data					
Revenues	35,075	100%	32,749	100%	7%
Costs and Expenses	18,474	53%	17,179	52%	8%
Operating Income	16,601	47%	15,570	48%	7%
Net Income	11,812	34%	10,682	33%	11%
EBITDA	20,179	58%	18,710	57%	8%

	Sep 30 2024	% to Total Assets	Dec 31 2023	% to Total Assets	% Change
Balance Sheet Data					
Total Assets	998,804	100%	943,328	100%	6%
Investment Properties	581,238	58%	545,075	58%	7%
Total Debt	385,662*	39%	366,658	39%	5%
Net Debt	346,297	35%	334,841	35%	3%
Total Equity	422,753	42%	396,197	42%	7%

*The increase in total debt includes ₱1.3 billion foreign exchange translation.

	Consolidated	
	Sep 30	Dec 31
Financial Ratios	2024	2023
Current Ratio*	2.12	2.17
Acid Test Ratio*	1.13	1.09
Solvency Ratio	1.74	1.73
Debt to Equity	48 : 52	48 : 52
Net Debt to Equity	45 : 55	46 : 54
Asset to Equity	2.36	2.38
Return on Equity	0.11	0.11
Net Income Margin	0.34	0.31
Interest Coverage Ratio	6.21	5.31
Debt to EBITDA	4.93	4.95
Return on Investment Properties	0.09	0.09

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

Revenues

SM Prime recorded consolidated revenues of ₱99.76 billion in the first nine months of 2024, an increase of 8% compared to ₱92.60 billion in the same period of 2023, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱57.24 billion in the first nine months of 2024, a 9% increase from ₱52.65 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's real estate sales increased by 7% to ₱31.80 billion in the first nine months of 2024 from ₱29.80 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 Towers Residential-Offices in Parañaque, Vail Residences in Cagayan de Oro, and Glade Residences in Iloilo.

Other Revenues

SM Prime's other revenues increased by 6% to ₱10.73 billion in the first nine months of 2024 from ₱10.16 billion in the same period in 2023. Other revenues include ice skating, bowling, amusement and recreation operations, sale of food and beverages in hotels, sponsorships and advertising revenues, and cinema and event ticket sales. Cinema movies shown during the first nine months of the year includes Inside Out 2, Rewind, Deadpool & Wolverine, Un/Happy For You, and How To Make Millions Before Grandma Dies.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱52.10 billion in the first nine months of 2024, an increase of 8% from ₱48.08 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 by 5% to ₱9.36 billion in the first nine months of 2024 compared to ₱8.89 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 ₱3.45 billion in 2024 compared to ₱2.26 billion in the same period in 2023. This consists of interest income from cash and cash equivalents, dividend income from equity instruments, equity in net earnings from associates and joint ventures and foreign exchange gains and losses.

Provision for income tax

SM Prime's consolidated provision for income tax is at ₱7.21 billion in 2024 compared to ₱7.13 billion in the same period in 2023.

Net income attributable to Parent

SM Prime's net income attributable to Parent increased by 12% to ₱33.88 billion in the first nine months of 2024 compared to ₱30.13 billion in the same period in 2023.

Balance Sheet Accounts

SM Prime's total assets amounted to ₱998.80 billion and ₱943.33 billion as of September 30, 2024 and December 31, 2023, respectively.

Cash and cash equivalents increased to ₱39.36 billion from ₱31.82 billion as of September 30, 2024 and December 31, 2023, respectively, mainly due to collections and proceeds from availment of new loans, net of payments for capital expenditures and maturing debts.

Equity instruments at fair value through other comprehensive income (FVOCI) increased to ₱23.28 billion from ₱20.32 billion as of September 30, 2024 and December 31, 2023, respectively. There is equivalent increase in the net fair value of equity instruments at FVOCI to ₱19.90 billion from ₱16.94 billion as of September 30, 2024 and December 31, 2023, respectively.

Derivative assets - net decreased to ₱1.71 billion from ₱5.25 billion as of September 30, 2024 and December 31, 2023, respectively, mainly due to net fair value changes on interest rate and foreign exchange swap transactions and maturities during the period.

Prepaid expenses and other current assets decreased by 5% to ₱26.44 billion from ₱27.80 billion as of September 30, 2024 and December 31, 2023, respectively, due to amortization in prepaid taxes and other prepayments.

Investments in associates and joint ventures increased by 6% to ₱34.26 billion from ₱32.43 billion as of September 30, 2024 and December 31, 2023, respectively, due to equity in net earnings of associates and joint ventures.

Investment properties increased by 7% to ₱581.24 billion from ₱545.07 billion as of September 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.

Deferred tax asset - net increased to ₱1.64 billion from ₱1.49 billion as of September 30, 2024 and December 31, 2023, respectively. Deferred tax liabilities - net increased to ₱13.33 billion from ₱12.46 billion as of September 30, 2024 and December 31, 2023, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes.

Other noncurrent assets include noncurrent portion of receivables from sale of real estate and deposit to suppliers and contractors. The account increased by 6% to ₱131.84 billion from ₱124.03 billion as of September 30, 2024 and December 31, 2023, respectively.

Interest-bearing debt increased by 5% to ₱385.66 billion from ₱366.66 billion as of September 30, 2024 and December 31, 2023, respectively, due to net availments for the period for coastal development and foreign exchange translation.

Accounts payable and other current liabilities increased by 5% to ₱104.37 billion from ₱99.08 billion as of September 30, 2024 and December 31, 2023, respectively, due to payables to contractors and suppliers related to ongoing projects.

Income tax payable increased to ₱1.73 billion from ₱1.30 billion as of September 30, 2024 and December 31, 2023, respectively, mainly due to provisions, net of payments for the year.

Tenants' and customers' deposits increased by 7% to ₱27.16 billion from ₱25.30 billion as of September 30, 2024 and December 31, 2023, respectively, and is mainly attributable to the new malls and office building tenants.

Cumulative translation adjustment increased to ₱3.46 billion from ₱2.56 billion as of September 30, 2024 and December 31, 2023, respectively, as a result of foreign exchange movement between periods.

Non-controlling interests increased to ₱2.98 billion from ₱2.69 billion as of September 30, 2024 and December 31, 2023, respectively, due to increase in net income attributable to non-controlling interests, net of dividends declared for the period.

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

As at September 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 mostly by internally generated funds and partly by external borrowings.

SM Prime currently has sixty-seven residential projects, forty-seven of which are in Metro Manila and twenty are outside Metro Manila.

As of September 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 1.7 million square meters of GFA. In May 2024, the Company opened SM City Caloocan in Bagumbong, Caloocan City.

In October 2024, the Company also opened SM City J Mall in Mandaue City, Cebu. This new mall, plus the expansion of the Company's existing malls, will provide an addition of almost 0.2 million square meters of GFA.

SM Prime's Commercial Properties Group has twenty-two office buildings with a combined GFA of almost 1.6 million square meters.

SM Prime's hotels and convention centers business unit currently has a portfolio of 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 37% in 3Q 2023 to ₱30.1 billion

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

	Third Quarter Ended Sep 30					Nine Months Ended Sep 30				
	2023	% to Revenues	2022	% to Revenues	% Change	2023	% to Revenues	2022	% to Revenues	% Change
Profit and Loss Data										
Revenues	32,749	100%	27,329	100%	20%	92,603	100%	73,673	100%	26%
Costs and Expenses	17,179	52%	14,052	51%	22%	48,081	52%	39,039	53%	23%
Operating Income	15,570	48%	13,277	49%	17%	44,522	48%	34,634	47%	29%
Net Income	10,682	33%	7,904	29%	35%	30,126	33%	22,012	30%	37%
EBITDA	18,710	57%	16,159	59%	16%	53,927	58%	43,124	59%	25%

	Sep 30 2023	% to Total Assets	Dec 31 2022	% to Total Assets
Balance Sheet Data				
Total Assets	932,590	100%	874,215	100%
Investment Properties	530,504	57%	489,266	56%
Total Debt	368,085	39%	352,397	40%
Net Debt	332,156	36%	310,337	35%
Total Equity	387,622	42%	363,201	42%

	Sep 30 2023	Dec 31 2022
Financial Ratios		
Current Ratio*	2.25	2.50
Acid Test Ratio*	1.17	1.41
Solvency Ratio	1.72	1.72
Debt to Equity	0.49 : 0.51	0.49 : 0.51
Net Debt to Equity	0.46 : 0.54	0.46 : 0.54
Asset to Equity	2.41	2.41
Return on Equity	0.11	0.09
Net Income Margin	0.33	0.28
Interest Coverage Ratio	6.06	5.33
Debt to EBITDA	5.12	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 ₱92.60 billion in the first nine months of 2023, an increase of 26% compared to ₱73.67 billion in the same period of 2022, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱52.65 billion in the first nine months of 2023, a 29% increase from ₱40.73 billion in the same period of 2022. 85% is contributed by the malls while 15% is from offices and hotels and convention centers.

Real Estate Sales

SM Prime recorded real estate sales of ₱29.80 billion in the first nine months of 2023 compared to ₱27.52 billion in the same period of 2022 primarily due to higher sales take-up and construction accomplishments of various projects including Gold Residences, Mint Residences, Sands Residences, Shore Residences, Cheerful Residences and South Residences. Reservation sales increased by 6% to ₱89.27 billion in first nine months of 2023 from ₱83.93 billion in the same period last year.

Other Revenues

SM Prime's other revenues increased to ₱10.16 billion in the first nine months of 2023 from ₱5.43 billion in the same period in 2022 as the cinema, leisure and entertainment businesses reopen its doors to patrons. Other revenues include cinema ticket sales, sponsorships and advertising revenues, bowling operations and sale of food and beverages in hotels. Cinemas improved due to high ticket sales from movies shown during of the first nine months of the year, including Insidious: The Red Door, The Little Mermaid, John Wick: Chapter 4, Avatar: The Way of Water, and Barbie. Leisure and entertainment business benefited from the new normal condition.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱48.08 billion in the first nine months of 2023, an increase of 23% from ₱39.04 billion in the same period in 2022, mainly from improvements attributed to reservation sales. Gross profit margin on real estate is 60% in the first nine 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 ₱8.89 billion in the first nine months of 2023 compared to ₱7.07 billion in the same period in 2022 mainly due to the issuance of retail bonds in 2023 and 2022 and new bank loans availed for working capital and capital expenditure requirements, net of the capitalized interest on proceeds spent for construction and development of investment properties.

Interest, Dividend and Others - net

Interest, dividend and others - net increased to ₱2.26 billion in the first nine months of 2023 compared to ₱0.74 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 ₱7.13 billion in the first nine months of 2023 compared to ₱5.86 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 ₱0.64 billion in the first nine months of 2023 compared to ₱0.42 billion in the same period in 2022.

Net income attributable to Parent

SM Prime's consolidated net income attributable to Parent increased by 37% to ₱30.13 billion in the first nine months of 2023 compared to ₱22.01 billion in the same period in 2022.

Balance Sheet Accounts

SM Prime's total assets amounted to ₱932.59 billion and ₱874.21 billion as of September 30, 2023 and December 31, 2022, respectively.

Cash and cash equivalents decreased to ₱35.93 billion from ₱42.06 billion as of September 30, 2023 and December 31, 2022, respectively, mainly due to various capital expenditures and payments of maturing debts, net of increase from operations.

Receivables and contract assets decreased by 5% to ₱78.29 billion from ₱82.56 billion as of September 30, 2023 and December 31, 2022, respectively, mainly due to collections made for the period.

Real estate inventories increased by 10% to ₱77.23 billion from ₱70.50 billion as of September 30, 2023 and December 31, 2022, respectively, due to construction accomplishments for the period, net of cost of sold units.

Equity instruments at fair value through other comprehensive income (FVOCI) increased by 20% to ₱21.10 billion from ₱17.61 billion as of September 30, 2023 and December 31, 2022, respectively, with equivalent increase of 24% in net fair value changes of equity instruments at FVOCI to ₱17.72 billion from ₱14.23 billion as of September 30, 2023 and December 31, 2022, respectively, due to changes in fair values under this portfolio.

Derivative assets - net increased by 11% to ₱7.80 billion from ₱7.02 billion as of September 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. Net fair value changes on cash flow hedges decreased to ₱1.64 billion from ₱2.98 billion unrealized gain as of September 30, 2023 and December 31, 2022, respectively.

Deferred tax asset - net increased by 10% to ₱1.03 billion from ₱0.93 billion as of September 30, 2023 and December 31, 2022, respectively. Deferred tax liabilities - net increased by 10% to ₱12.23 billion

from ₱11.14 billion as of September 30, 2023 and December 31, 2022, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes.

Investment properties increased by 8% to ₱530.50 billion from ₱489.27 billion as of September 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.

Investments in associates and joint ventures increased by 5% to ₱32.20 billion from ₱30.58 billion as of September 30, 2023 and December 31, 2022, respectively, due to equity in net earnings of associates and joint ventures.

Other noncurrent assets, which includes noncurrent portion of receivables from sale of real estate and bonds and deposits for real estate acquisitions, increased by 14% to ₱123.07 billion from ₱107.60 billion as of September 30, 2023 and December 31, 2022, respectively.

Accounts payable and other current liabilities increased by 10% to ₱97.31 billion from ₱88.12 billion as of September 30, 2023 and December 31, 2022, respectively, mainly due to payables to contractors and suppliers related to ongoing projects, current portion of liability for purchased land and customers' deposits.

Loans payable decreased by 8% to ₱5.00 billion from ₱5.42 billion as of September 30, 2023 and December 31, 2022, respectively, due to payments, net of loan availments for the period.

Income tax payable decreased to ₱0.61 billion from ₱0.77 billion as of September 30, 2023 and December 31, 2022, respectively, mainly due to payments, net of provisions for the year.

Long-term debt increased by 5% to ₱363.08 billion from ₱346.97 billion as of September 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.

Tenants' and customers' deposits increased by 6% to ₱25.11 billion from ₱23.80 billion as of September 30, 2023 and December 31, 2022, respectively, mainly due to the new malls and office building tenants.

Other noncurrent liabilities increased by 21% to ₱38.12 billion from ₱31.39 billion as of September 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 ₱2.42 billion from ₱3.44 billion as of September 30, 2023 and December 31, 2022, respectively, as a result of foreign exchange.

Non-controlling interests increased by 20% to ₱2.34 billion from ₱1.95 billion as of September 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 September 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 8,000 to 9,000 residential units in 2023.

As of September 30, 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 eight shopping malls in China with 1.6 million square meters of GFA. In May 2023, the Company opened its 83rd mall in Balanga City, Bataan and its 8th China mall in Yangzhou in September 2023. In October 2023, the Company opened two new malls in the Philippines 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 0.4 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: November 13, 2024


JOHN NAI PENG C. ONG
Chief Finance Officer