

COVER SHEET

for
SEC FORM 20-IS

SEC Registration Number

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Company Name

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

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

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Company's Telephone Number/s

8831-1000

Mobile Number

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No. of Stockholders

2,330

Annual Meeting
Month/Day

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Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

John Nai Peng C. Ong

Email Address

john.ong@smprime.com

Telephone Number/s

8831-1000

Mobile Number

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Contact Person's Address

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

Note: 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.

SM PRIME

Notice of Annual Stockholders' Meeting
April 23, 2024 | 2:30p.m.
Forbes Ballroom 1 and 2, Conrad Manila,
Seaside Blvd. corner Coral Way, Mall of Asia Complex, Pasay City

Dear Stockholders:

The Annual Stockholders' Meeting of **SM PRIME HOLDINGS, INC.** (the Company) will be held on **April 23, 2024 (Tuesday)** at **2:30 p.m.** at **Forbes Ballroom 1 and 2, Conrad Manila, Seaside Blvd. corner Coral Way, Mall of Asia Complex, Pasay City**, and will be livestreamed for stockholders participating remotely.

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Annual Meeting of Stockholders held on April 25, 2023
4. Approval of Annual Report for 2023
5. Open Forum
6. General Ratification of Acts of the Board of Directors, Board Committees and Management
7. Election of Directors for 2024-2025
8. Appointment of External Auditor
9. Approval of Amendments to the Articles of Incorporation
 - a. Amendment of Secondary Purposes under the Second Article
 - b. Change in Principal Office Address of the Company under the Third Article
 - c. Change in corporate term to reflect perpetual existence of the Company under the Fourth Article
10. Other Matters
11. Adjournment

Please see **Annex A** for a brief explanation of each agenda item for approval.

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange on **March 15, 2024** as the record date for the determination of stockholders entitled to notice of, to participate, and to vote *in absentia*, at such meeting and any adjournment thereof.

If you intend to attend the meeting remotely, kindly notify the Corporate Secretary by registering at asmregister.smprime.com and submit the required information on or before **April 19, 2024**. All information received will be subject to verification by the Company.

You may also accomplish a proxy form (which need not be notarized) and send the original to the Office of the Corporate Secretary at 1105 Tower 2 High Street South Corporate Plaza, 26th Street Bonifacio Global City, Taguig City on or before **April 19, 2024 (Friday)** for validation pursuant to the Company's By-laws. Sample formats of the proxy forms for individual and corporate stockholders are attached for reference.

Stockholders participating remotely can cast their votes *in absentia* through the Company's secure online voting facility and access the live streaming of the meeting. Detailed log-in instructions will be sent to the email provided by each shareholder to the Company. The registration and voting procedures are set forth in the "**Guidelines for Remote Participation and Voting in Absentia**", appended to the Definitive Information Statement posted on the Company's website and PSE EDGE.

For further information, please visit www.smprime.com/annual-stockholders-meeting.

Thank you.

Taguig City, February 27, 2024.


ELMER B. SERRANO
Corporate Secretary

Rationale for Agenda Items:

Agenda Item No. 3: Approval of Minutes of the Annual Stockholders' Meeting Held on April 25, 2023

The draft minutes of the annual stockholders' meeting held on April 25, 2023 were posted on the Company's website within twenty-four (24) hours from adjournment of the meeting. These minutes are subject to stockholders' approval during this year's meeting.

Agenda Item No. 4: Approval of Annual Report for the Year 2023

The Company's 2023 performance has been duly summarized in the Annual Report, which also contains the Audited Financial Statements (AFS) of the Company for the year ended 31 December 2023. The AFS, as audited by the external auditor Sycip Gorres Velayo & Co. (SGV & Co.) which expressed an unqualified opinion therefor, have been reviewed and approved by the Audit Committee and the Board of Directors of the Company. Any stockholder who would like to receive a hard or soft copy of the 2023 Annual Report may do so through the Company's Investor Relations Office. The 2023 Annual Report is also posted on the Company's website.

Agenda Item No. 6: General ratification of the acts of the Board of Directors, Board Committees and the Management from the Date of the Last Annual Stockholders' Meeting up to the Date of this Meeting

The Company's performance in 2023, as detailed in the Annual Report, is attributed to the strategic directions and key policies set by the Board of Directors which were effectively executed and complied with by Management in conformance with good corporate governance and ethical best practices. The ratification of the acts undertaken by the Board of Directors, Board Committees, and Management is sought for this meeting.

Agenda Item No. 7: Election of Directors for 2024-2025

The profiles of pre-qualified nominees will be posted on the Company's website as soon as the Final List of Candidates or Nominees is available at the end of the nomination process. Directors for 2024-2025 will be elected during this stockholders' meeting.

Agenda Item No. 8: Appointment of External Auditor

With the endorsement of the Audit Committee, the Board approved the reappointment of SGV & Co. as the Company's external auditor for 2024. SGV & Co. is one of the top auditing firms in the country and is duly accredited with the Securities and Exchange Commission.

Agenda Item No. 9: Amendments to the Articles of Incorporation

During the regular meeting of the Board on 19 February 2024, the Board approved the proposed amendments to the Company's Articles of Incorporation to reflect the following:

- a. Amendment of Secondary Purpose under the Second Article, to grant the Company express authority to borrow or raise money, guarantee obligations, secure payments of such indebtedness, and other powers for better flexibility and leverage in the conduct of its business and transactions;
- b. Change in Address under the Third Article transferring the Company's principal office to 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; and
- c. Reflect the perpetual term of existence of the Corporation under the Fourth Article pursuant to the Revised Corporation Code.

The foregoing amendments require the affirmative vote of shareholders representing at least 2/3 vote of the outstanding capital stock of the Company.

**SAMPLE PROXY FORM
(FOR INDIVIDUAL
STOCKHOLDERS)**

The undersigned stockholder of **SM PRIME HOLDINGS, INC.** (the **Company**) hereby appoints _____ or in his/her absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to present and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on April 23, 2024 and any adjournments thereof for the purpose of acting on the following matters:

- | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---------------------|--------------|---------------|--------------|------------------|--------------|-------------------|--------------|----------------------|--------------|---|--------------|---|--------------|--|--------------|--|---|--|---|--|---|--|
| <p>1. Approval of minutes of previous meeting held on April 25, 2023
____ Yes ____ No ____ Abstain</p> <p>2. Approval of 2023 Annual Report
____ Yes ____ No ____ Abstain</p> <p>3. Ratification of the acts of the Board of Directors and the management from the date of the last annual stockholders' meeting up to the date of this meeting
____ Yes ____ No ____ Abstain</p> <p>4. Election of Directors</p> <table border="0" style="width: 100%;"><tbody><tr><td style="width: 70%;">a. Henry T. Sy, Jr.</td><td style="width: 30%;">_____ shares</td></tr><tr><td>b. Hans T. Sy</td><td>_____ shares</td></tr><tr><td>c. Herbert T. Sy</td><td>_____ shares</td></tr><tr><td>d. Jeffrey C. Lim</td><td>_____ shares</td></tr><tr><td>e. Jorge T. Mendiola</td><td>_____ shares</td></tr><tr><td>f. Amando M. Tetangco, Jr.
(Independent)</td><td>_____ shares</td></tr><tr><td>g. J. Carlitos G. Cruz
(Independent)</td><td>_____ shares</td></tr><tr><td>h. Darlene Marie B. Berberabe
(Independent)</td><td>_____ shares</td></tr></tbody></table> | a. Henry T. Sy, Jr. | _____ shares | b. Hans T. Sy | _____ shares | c. Herbert T. Sy | _____ shares | d. Jeffrey C. Lim | _____ shares | e. Jorge T. Mendiola | _____ shares | f. Amando M. Tetangco, Jr.
(Independent) | _____ shares | g. J. Carlitos G. Cruz
(Independent) | _____ shares | h. Darlene Marie B. Berberabe
(Independent) | _____ shares | <p>5. Appointment of Sycip Gorres Velayo & Co. as External Auditor
____ Yes ____ No ____ Abstain</p> <p>6. Amendments to the Articles of Incorporation</p> <table border="0" style="width: 100%;"><tbody><tr><td style="width: 70%;">a. Amendment of Secondary Purpose under the Second Article
____ Yes ____ No ____ Abstain</td><td style="width: 30%;"></td></tr><tr><td>b. Change in Address under the Third Article
____ Yes ____ No ____ Abstain</td><td></td></tr><tr><td>c. Reflect the perpetual term of existence of the Corporation under the Fourth Article
____ Yes ____ No ____ Abstain</td><td></td></tr></tbody></table> <p>7. At their discretion, the proxies name above are authorized to vote upon such other matters as may properly come before the meeting.
____ Yes ____ No ____ Abstain</p> | a. Amendment of Secondary Purpose under the Second Article
____ Yes ____ No ____ Abstain | | b. Change in Address under the Third Article
____ Yes ____ No ____ Abstain | | c. Reflect the perpetual term of existence of the Corporation under the Fourth Article
____ Yes ____ No ____ Abstain | |
| a. Henry T. Sy, Jr. | _____ shares | | | | | | | | | | | | | | | | | | | | | | |
| b. Hans T. Sy | _____ shares | | | | | | | | | | | | | | | | | | | | | | |
| c. Herbert T. Sy | _____ shares | | | | | | | | | | | | | | | | | | | | | | |
| d. Jeffrey C. Lim | _____ shares | | | | | | | | | | | | | | | | | | | | | | |
| e. Jorge T. Mendiola | _____ shares | | | | | | | | | | | | | | | | | | | | | | |
| f. Amando M. Tetangco, Jr.
(Independent) | _____ shares | | | | | | | | | | | | | | | | | | | | | | |
| g. J. Carlitos G. Cruz
(Independent) | _____ shares | | | | | | | | | | | | | | | | | | | | | | |
| h. Darlene Marie B. Berberabe
(Independent) | _____ shares | | | | | | | | | | | | | | | | | | | | | | |
| a. Amendment of Secondary Purpose under the Second Article
____ Yes ____ No ____ Abstain | | | | | | | | | | | | | | | | | | | | | | | |
| b. Change in Address under the Third Article
____ Yes ____ No ____ Abstain | | | | | | | | | | | | | | | | | | | | | | | |
| c. Reflect the perpetual term of existence of the Corporation under the Fourth Article
____ Yes ____ No ____ Abstain | | | | | | | | | | | | | | | | | | | | | | | |

____ Vote for all nominees listed above

____ Withhold authority for all nominees listed above

Printed Name of Stockholder

Signature of Stockholder /
Authorized Signatory

Date

THIS PROXY SHOULD BE SUBMITTED ON OR BEFORE **19 APRIL 2024**, AS PROVIDED IN THE BY-LAWS TO THE OFFICE OF THE CORPORATE SECRETARY AT 1105 TOWER 2 HIGH STREET SOUTH CORPORATE PLAZA, 26TH STREET BONIFACIO GLOBAL CITY, TAGUIG CITY.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

**SAMPLE SECRETARY'S CERTIFICATE
(FOR CORPORATE STOCKHOLDERS)**

I, _____, Filipino, of legal age and with office address at _____, do hereby certify that:

1. I am the duly appointed Corporate Secretary of _____
(the **Corporation**), a corporation duly organized and existing under and by virtue of the laws of the Republic
of the Philippines, with office address at _____;

2. As of record date, the Corporation holds
_____ (_____) shares in
SM PRIME HOLDINGS, INC. (**SMPH**).

3. Based on records of the Corporation, during the lawfully convened meeting of the Board of Directors of the Corporation held on _____, the following resolution was passed and approved:

“**RESOLVED**, That the Board of Directors of _____ (the **Corporation**) hereby authorizes and appoints _____ as the Corporation's Proxy (the **Proxy**) to attend the annual stockholders' meeting of SM Prime Holdings, Inc. (**SMPH**) scheduled on 23 April 2024, with full authority to vote the shares of stock of the Corporation held in SMPH and to act upon all matters and resolutions that may come before or presented during the meeting, or any continuances or adjournments thereof, in the name, place and stead of the Corporation;

RESOLVED, FINALLY, that the power and authority hereby granted shall remain valid and effective for a period of five (5) years or until such time as the same is withdrawn by the Corporation through notice in writing delivered to the Corporate Secretary of SMPH before the date of any such meeting or until the last day of the fifth year from the date hereof, whichever comes first, and that SMPH may rely on the continuing validity of this resolution until receipt of such written certification of its revocation.”

4. The foregoing resolution has not been modified, amended or revoked, and is in accordance with the records of the Corporation presently in my custody.


IN WITNESS WHEREOF, I have hereunto affixed my signature this ____ day of _____, 20__ at _____.

Printed Name and Signature of
the Corporate Secretary

SUBSCRIBED AND SWORN TO before me this ____ day of _____, 20__, at _____, Affiant exhibited to me his/her Competent Evidence of Identity by way of _____ issued on _____ at _____.

NOTARY PUBLIC

Profiles of the Nominees for Election to the Board of Directors for 2024 - 2025

Name:	HENRY T. SY, JR.	
Age:	70 YRS.	
Designations:	Non-Executive Director/Chairman of the Board	


EDUCATION/ EXPERIENCE:

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

POSITIONS IN OTHER PLCs:

Synergy Grid & Development Phils., Inc.	Chairman of the Board
SM Investments Corporation	Vice Chairman

2023 BOARD ATTENDANCE:	100%; 8 of 8 Board Meetings
DATE OF FIRST APPOINTMENT:	April 1994
NO. OF YEARS ON THE BOARD:	30 Years
SHAREHOLDINGS:	1.0098%
OTHER INFORMATION:	No conflict of interest transactions in the past year.

Name:	AMANDO M. TETANGCO, JR.	
Age:	71 YRS.	
Designations:	Vice-Chairman of the Board/ Lead Independent Director	

EDUCATION/ EXPERIENCE:

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

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


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

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

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

POSITIONS IN OTHER PLCs:	
SM Investments Corporation	Chairman/ Independent Director
Belle Corporation	Independent Director
Converge ICT Solutions, Inc.	Independent Director
Shell Pilipinas Corporation	Independent Director

2023 BOARD ATTENDANCE:	100%; 8 of 8 Board Meetings
	100%; 4 of 4 Audit Committee Meetings
	100%; 4 of 4 Board Risk Oversight Committee Meetings
	100%; 3 of 3 Corporate Governance Committee Meetings
	100%; 1 of 1 Related Party Transactions Committee Meeting
DATE OF FIRST APPOINTMENT:	April 2021
NO. OF YEARS ON THE BOARD:	3 Years
SHAREHOLDINGS:	0.0000%
OTHER INFORMATION:	No conflict of interest transactions in the past year.

Name:	HANS T. SY	
Age:	68 YRS.	
Designations:	Non-Executive Director	


EDUCATION/ EXPERIENCE:

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

POSITIONS IN OTHER PLCs:

China Banking Corporation	Chairman
SM Investments Corporation	Adviser to the Board

2023 BOARD ATTENDANCE:	100%; 8 of 8 Board Meetings
DATE OF FIRST APPOINTMENT:	April 1994
NO. OF YEARS ON THE BOARD:	30 Years
SHAREHOLDINGS:	2.3621%
OTHER INFORMATION:	No conflict of interest transactions in the past year.

Name:	HERBERT T. SY	
Age:	67 YRS.	
Designations:	Non-Executive Director	


EDUCATION/ EXPERIENCE:

Mr. Herbert T. Sy has been a director of the SM Prime since 1994. He is also an Adviser to the Board of SM Investments Corporation and is currently the Chairman of Supervalu Inc., Super Shopping Market Inc. and Sanford Marketing Corporation and Director of Alfamart Trading Philippines Inc. and China Banking Corporation. He also sits in the Board of several companies within the SM Group and has worked with SM companies engaged in food retail for more than 35 years. He is likewise actively involved in the SM Group's Supermarket Operations, which include acquisition, evaluation and negotiation for potential sites. He holds a Bachelor's degree in Management from De La Salle University.

POSITIONS IN OTHER PLCs:

China Banking Corporation	Director
SM Investments Corporation	Adviser to the Board

2023 BOARD ATTENDANCE:	100%; 8 of 8 Board Meetings
DATE OF FIRST APPOINTMENT:	April 1994
NO. OF YEARS ON THE BOARD:	30 Years
SHAREHOLDINGS:	2.3095%
OTHER INFORMATION:	No conflict of interest transactions in the past year.

Name:	ATTY. DARLENE MARIE B. BERBERABE	
Age:	55 YRS.	
Designations:	Independent Director	


EDUCATION/ EXPERIENCE:

Atty. Darlene Marie B. Berberabe was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. She is a lawyer, management consultant, and academic. She is the Dean of the UP College of Law and holds directorates in Joy-Nostalgy Solaris Inc., Palm Concepcion Power Corporation, PA Alvarez, Katapult Digital and UnionDigital Bank. She is also a faculty member of the Philippine Judicial Academy. She is also elected to the Board of Trustees of The Outstanding Women in Nation Service, Philippine Heart Association and UP Law Alumni Foundation. She was an associate lawyer in Quisumbing Torres Law Firm with specialization on labor law. Post law firm, she joined Procter & Gamble Philippines where she was a Senior Counsel and member of the Leadership Team. In 2010, she was appointed by the President of the Republic of the Philippines as the CEO of Pag-IBIG Fund. She was a recipient of a number of awards including Outstanding CEO in Asia by the ADFIAP, Outstanding CEO in the public sector by Asia CEO, one of the The Outstanding Women in Nation Service in 2013, and one of the 100 Most Influential Filipino Women in 2014. She graduated with a degree in Philosophy from UP, summa cum laude and class valedictorian of the College of Social Sciences and Philosophy in 1989. She was the first female Philosophy instructor in the same school where she taught for 10 years, and has a Masters in Philosophy. She was a working student and graduated salutatorian of her class in UP Law in 1999.

POSITIONS IN OTHER PLCs:

None

2023 BOARD ATTENDANCE:	100%; 8 of 8 Board Meetings
	100%; 4 of 4 Audit Committee Meetings
	100%; 3 of 3 Corporate Governance Committee Meetings
	100%; 1 of 1 Related Party Transactions Committee Meeting
DATE OF FIRST APPOINTMENT:	April 2021
NO. OF YEARS ON THE BOARD:	3 Years
SHAREHOLDINGS:	0.0000%
OTHER INFORMATION:	No conflict of interest transactions in the past year.

Name:	JORGE T. MENDIOLA	
Age:	64 YRS.	
Designations:	Non-Executive Director	


EDUCATION/ EXPERIENCE:

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

POSITIONS IN OTHER PLCs:

None

2023 BOARD ATTENDANCE:	100%; 8 of 8 Board Meetings
	100%; 4 of 4 Audit Committee Meetings
	100%; 4 of 4 Board Risk Oversight Committee Meetings
	100%; 1 of 1 Related Party Transactions Committee Meeting
DATE OF FIRST APPOINTMENT:	December 2012
NO. OF YEARS ON THE BOARD:	11 Years
SHAREHOLDINGS:	0.0024%
OTHER INFORMATION:	No conflict of interest transactions in the past year.

Name:	J. CARLITOS G. CRUZ	
Age:	63 YRS.	
Designations:	Independent Director	


EDUCATION/ EXPERIENCE:

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

POSITIONS IN OTHER PLCs:

Vivant Corporation	Independent Director
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2023 BOARD ATTENDANCE:	100%; 8 of 8 Board Meetings
	100%; 4 of 4 Audit Committee Meetings
	100%; 4 of 4 Board Risk Oversight Committee Meetings
	100%; 3 of 3 Corporate Governance Committee Meetings
DATE OF FIRST APPOINTMENT:	April 2021
NO. OF YEARS ON THE BOARD:	3 Years
SHAREHOLDINGS:	0.0000%
OTHER INFORMATION:	No conflict of interest transactions in the past year.

Name:	JEFFREY C. LIM	
Age:	62 YRS.	
Designations:	Executive Director	

EDUCATION/ EXPERIENCE:

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

POSITIONS IN OTHER PLCs:

None

2023 BOARD ATTENDANCE:	100%; 8 of 8 Board Meetings
DATE OF FIRST APPOINTMENT:	April 2016
NO. OF YEARS ON THE BOARD:	8 Years
SHAREHOLDINGS:	0.0002%
OTHER INFORMATION:	No conflict of interest transactions in the past year.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
- ☒ Preliminary Information Statement
- ☐ Definitive Information Statement
2. Name of Registrant as specified in its charter **SM PRIME HOLDINGS, INC.**
3. **PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **AS094-000088**
5. BIR Tax Identification Code **003-058-789**
6. **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
7. Registrant's telephone number, including area code **(632) 8831-1000**
8. **April 23, 2024, 2:30 P.M. Forbes Ballroom 1 and 2, Conrad Manila, Seaside Blvd.**
corner Coral Way, Mall of Asia Complex, Pasay City
Date, time and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders:
March 16, 2024
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- A. Shares of stock as of January 31, 2024
Common shares **28,879,231,694**
- B. Debt Securities outstanding as January 31, 2024
Retail Bonds **₱135,432,740,000**
11. Are any or all of registrant's securities listed in a Stock Exchange?
- Yes ☒ No ☐
- If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange **Common shares**

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT**A. BUSINESS AND GENERAL INFORMATION****ITEM 1. Date, Time and Place of Meeting of Security Holders**

- (a) Date : April 23, 2024
 Time : 2:30 p.m.
- Place : **Forbes Ballroom 1 and 2, Conrad Manila,
Seaside Blvd. corner Coral Way, Mall of Asia Complex,
Pasay City (with livestreaming option for stockholders
who successfully registered their intention to participate
remotely)**
- Mailing : **SM Prime Holdings, Inc.**
 Address : 7/F MOA Square, Seashell Lane cor.
 of Registrant : Coral Way, Mall of Asia Complex,
 Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City,
 Metro Manila, Philippines
- (b) Approximate date on which the Information Statement will be sent or given to the
stockholders is on **March 16, 2024**.

Statement that proxies are not solicited

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Voting Securities

The record date for purposes of determining the stockholders of **SM Prime Holdings, Inc. (SMPH or the Company)** entitled to notice of, and to vote, during the Annual Stockholders' Meeting is March 15, 2024 (**Record Date**). The total number of shares outstanding and entitled to vote in the meeting is 28,879,231,694 shares (net of 4,287,068,381 treasury shares).

Each common share of SMPH is entitled to one (1) vote (each, a Voting Share/s) for each agenda item presented for stockholder approval, except in the election of directors. Stockholders are entitled to cumulative voting in the election of directors as provided under Section 23 of the Revised Corporation Code, where one (1) share is entitled to as many votes as there are directors to be elected. Each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may cumulate or give to one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. Thus, since there are eight (8) directors to be elected, each Voting Share is entitled to eight (8) votes.

The Company, through its Board of Directors, adopted resolutions to allow stockholders to participate in the Annual Stockholders' Meeting via remote communication and to exercise their right to vote *in absentia*. The meeting will be broadcasted via livestreaming option, accessible to successfully registered stockholders.

Stockholders as of Record Date who intend to attend in the meeting remotely must inform the Corporate Secretary of their intention to participate in the meeting and to vote *in absentia* by registering at asmregister.smpprime.com on or before **April 19, 2024 (Friday)**. All information received will be subject to verification and validation by the Corporate Secretary. Stockholders who registered shall be considered present for purposes of quorum for the meeting. Voting through the Company's secure online voting facility shall be accessible only to registered and verified stockholders in order to protect the integrity and secrecy of votes cast.

*The detailed guidelines for participation and voting for this meeting are set forth in the “**Guidelines for Remote Participation and Voting in Absentia**” appended as **Annex** to this Information Statement.*

The Company will record the proceedings and maintain a copy with the office of the Corporate Secretary.

ITEM 2. Dissenters' Right of Appraisal

SMPH respects and upholds the inherent rights of shareholders under the law. The Company recognizes that all shareholders should be treated fairly and equally whether they be controlling, majority or minority, local or foreign.

Pursuant to Section 80 of the Revised Corporation Code of the Philippines, a stockholder has the right to dissent and demand payment of the fair value of his shares under the following instances:

- (a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
- (c) In case of merger or consolidation; and
- (d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The procedure for the exercise by a dissenting stockholder of his appraisal right is as follows:

- (a) A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.
- (b) The dissenting stockholder shall make a written demand on the corporation within thirty (30) days from the date on which the vote was taken for payment for the fair value of his shares.

The failure of the stockholder to make the demand within the thirty-day period shall be deemed a waiver on his appraisal right.

- (c) If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of corresponding certificate(s) of stock within ten (10) days after demanding payment for his shares (pursuant to Section 85 of the Code), the fair value of the shareholder's shares in the Company as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of a merger, if such be the corporate action involved. Failure by the dissenting shareholder to surrender his shares within said 10-day period shall, at the option of SMPH, terminate his appraisal rights.
- (d) If within sixty (60) days from the date the corporate action was approved by the stockholders, the dissenting stockholder and SMPH cannot agree on the fair value of the shares, it shall be appraised and determined by three (3) disinterested persons, one of whom shall be named by the stockholder, another by SMPH, and the third by the two (2) thus chosen.
- (e) The findings of a majority of the appraisers shall be final, and their award shall be paid by SMPH within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless SMPH has unrestricted retained earnings in its books to cover such payment.
- (f) Upon payment of the agreed or awarded price, the stockholder shall transfer his shares to the Company.

There are no matters to be discussed in this year's Annual Stockholders' Meeting which would give rise to the exercise of the dissenter's right of appraisal.

ITEM 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director or Executive Officer of SMPH since the beginning of the last fiscal year, or any nominee for election as director, nor any of their associates, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the meeting, other than election to office.
- (b) No director of SMPH has informed SMPH in writing that he intends to oppose any matter to be acted upon at this year's Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and Principal Holders Thereof

(1) Number of Common Shares Outstanding

The Company has 28,879,231,694 (net of 4,287,068,381 treasury shares) common shares outstanding as of January 31, 2024. Out of the aforesaid outstanding common shares as of January 31, 2024, 7,043,082,749 common shares are held by non-Filipinos.

(2) Record Date

All stockholders of record as of March 15, 2024 are entitled to notice of, and to vote, at the Annual Stockholders' Meeting.

(3) Manner of Voting and Election of Directors (Cumulative Voting)

Each common share of SMPH is entitled to one (1) vote (each, a **Voting Share/s**) for each agenda item presented for stockholder approval, except in the election of directors where one (1) share is entitled to as many votes as there are directors to be elected. Each stockholder may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may cumulate or give to one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. Thus, since there are eight (8) directors to be elected, each Voting Share is entitled to eight (8) votes.

Stockholders may nominate directors, subject to pre-qualification by the Corporate Governance Committee, within the period of nomination set forth in the Company's By-laws and relevant regulations. Stockholders as of Record Date may then vote for nominees in accordance with the above rule.

While this year's meeting will be held in person, the Board of Directors has adopted a resolution still allowing stockholders to participate remotely and to vote *in absentia* if unable to attend physically. SMPH provides and maintains its own online voting facility where registered stockholders can cast their votes. Stockholders who wish to vote *in absentia* are required to register at asmregister.smprime.com and will be given access to the secure online voting portal. *The detailed guidelines for remote participation and voting in absentia for this meeting are set forth in the "Guidelines for Remote Participation and Voting in Absentia" annexed to this Information Statement.*

Registration and voting procedures are further detailed in Item 19.

(4) Security Ownership of Certain Record and Beneficial Owners as of January 31, 2024

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

Title of Securities	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount and Nature of Direct Record/Beneficial Ownership ("r" or "b")	Percent of Class (%)
Common	SM Investments Corporation (SMIC) (Parent Company) ¹ One Ecom Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City	SMIC ²	Filipino	14,353,464,952 (b)	49.7017
-do-	PCD Nominee Corporation ³ (PCNC) ³ 37F Tower 1, The Enterprise Center, Ayala Ave., Makati City	PCD Participants ⁴	Filipino – 10.25% Non-Filipino – 24.38%	10,001,600,332 (r)	34.6325

¹ The following are the individuals holding the direct beneficial ownership of SMIC: Henry T. Sy, Jr.-6.29%, Hans T. Sy-8.59%, Herbert T. Sy-8.11%, Harley T. Sy-7.64%, Teresita T. Sy-7.03% and Elizabeth T. Sy-6.31%.

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

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

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

(5) Security Ownership of Management as of January 31, 2024

Title of Securities	Name of Beneficial Owner of Common Stock	Citizenship Filipino (F)	Amount and Nature of Beneficial Ownership (D) Direct (I) Indirect	Class of Securities Voting (V)	Percent of Class
Common	Henry T. Sy, Jr.	F	291,611,915 (D&I)	V	1.0098
-do-	Hans T. Sy	F	682,162,901 (D&I)	V	2.3621
-do-	Teresita T. Sy	F	667,272,021 (D)	V	2.3106
-do-	Elizabeth T. Sy	F	667,166,537 (D)	V	2.3102
-do-	Herbert T. Sy	F	666,953,011 (D)	V	2.3095
-do-	Jorge T. Mendiola	F	703,167 (D)	V	0.0024
-do-	Jeffrey C. Lim	F	50,000 (D)	V	0.0002
-do-	Amando M. Tetangco, Jr.	F	1,000 (D)	V	0.0000
-do-	J Carlitos G. Cruz	F	100 (D)	V	0.0000
-do-	Darlene Marie B. Berberabe	F	100 (D)	V	0.0000
-do-	Glenn D. Ang	F	95,300 (D)	V	0.0003
-do-	Steven T. Tan	F	52,700 (D)	V	0.0002
-do-	Jose Mari H. Banzon	F	25,000 (D)	V	0.0001
-do-	Antonio Felix L. Ortega	F	5,000 (D)	V	0.0000
-do-	Joana B. Tiangco ntonio Felix L. Ortega	F	3,600 (D)	V	0.0000
	All directors and executive officers as a group		2,976,102,352		10.3053

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

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

ITEM 5. Directors and Executive Officers of the Registrant

DIRECTORS AND EXECUTIVE OFFICERS

Office	Name	Citizenship	Age
Chairman	Henry T. Sy, Jr.	Filipino	70
Vice Chairman and Lead Independent Director	Amando M Tetangco, Jr.	Filipino	71
Independent Director	J. Carlitos G. Cruz	Filipino	63
Independent Director	Darlene Marie B. Berberabe	Filipino	55
Director and President	Jeffrey C. Lim	Filipino	62
Director	Hans T. Sy	Filipino	68
Director	Herbert T. Sy	Filipino	67
Director	Jorge T. Mendiola	Filipino	64
Adviser to the Board of Directors	Teresita T. Sy	Filipino	73
Adviser to the Board of Directors	Elizabeth T. Sy	Filipino	71
Independent Adviser to the Board of Directors	Edward K. Lee	Filipino	68
Corporate Secretary/Alternate Compliance Officer	Elmer B. Serrano	Filipino	56
Assistant Corporate Secretary and Alternate Corporate Information Officer	Arthur A. Sy	Filipino	54
Chief Finance Officer/Corporate Information Officer/Chief Compliance Officer	John Nai Peng C. Ong	Filipino	53

Office	Name	Citizenship	Age
Vice President - Internal Audit	Marvin Perrin L. Pe	Filipino	45
Chief Risk Officer	Joana B. Tiangco	Filipino	39
President, Malls	Steven T. Tan	Filipino	54
President, Residential (Primary)	Jose Mari H. Banzon	Filipino	63
EVP, Residential (Leisure)	Shirley C. Ong	Filipino	62
VP, Commercial	Antonio Felix L. Ortiga	Filipino	45
EVP, Hotels and Convention Centers	Ma. Luisa E. Angeles	Filipino	65
President, SM Smart City	Glenn D. Ang	Filipino	60

Board of Directors

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

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

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

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

He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognition by a number of international organizations as one of the best central bank

governors and chosen as MAP Management Man of the Year in 2015. He was conferred the Honorary Degree of Doctorate in Management by the Asian Institute Management in 2023.

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

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

Darlene Marie B. Berberabe* was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. She is a lawyer, management consultant, and academic. She is the Dean of the UP College of Law and holds directorates in Joy-Nostalgie Solaris Inc., Palm Concepcion Power Corporation, PA Alvarez, Katapult Digital and UnionDigital Bank. She is also a faculty member of the Philippine Judicial Academy. She is also elected to the Board of Trustees of The Outstanding Women in Nation Service, Philippine Heart Association and University of the Philippines (UP) Law Alumni Foundation. She was an associate lawyer in Quisumbing Torres Law Firm with specialization on labor law. Post law firm, she joined Procter & Gamble Philippines where she was a Senior Counsel and member of the Leadership Team. In 2010, she was appointed by the President of the Republic of the Philippines as the CEO of Pag-IBIG Fund. She was a recipient of a number of awards including Outstanding CEO in Asia by the ADFIAP, Outstanding CEO in the public sector by Asia CEO, one of the The Outstanding Women in Nation Service in 2013, and one of the 100 Most Influential Filipino Women in 2014. She graduated with a degree in Philosophy from UP, summa cum laude and class valedictorian of the College of Social Sciences and Philosophy in 1989. She was the first female Philosophy instructor in the same school where she taught for 10 years, and has a Masters in Philosophy. She was a working student and graduated salutatorian of her class in UP Law in 1999.

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

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

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

Herbert T. Sy has been a director of the SM Prime since 1994. He is also an Adviser to the Board of SMIC and is currently the Chairman of Supervalu Inc., Super Shopping Market Inc. and Sanford Marketing Corporation and Director of Alfamart Trading Philippines Inc. and China Banking Corporation. He also sits in the Board of several companies within the SM Group and has worked with SM companies engaged in food retail for more than 35 years. He is likewise actively involved in the SM Group's Supermarket Operations, which include acquisition, evaluation and negotiation for potential sites. He holds a Bachelor's degree in Management from De La Salle University.

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

Teresita T. Sy has served as an Adviser to the Board since May 2008. She was a Director from 1994 up to April 2008. She has worked with the Group for over 20 years and has varied experiences in retail merchandising, mall development and banking businesses. She is currently Chairperson of BDO Unibank, Inc. and Vice Chairperson of SMIC. She also holds board positions in several companies within the SM Group.

Elizabeth T. Sy was elected as an Adviser to the Board in April 2012. She serves as a member of the Executive Committee and Trust Committee of the Board of Directors of BDO Private Bank, Inc. She is also the Chairperson and President of SM Hotels and Conventions Corporation where she steers SM's continuous growth in the tourism, leisure and hospitality industry. She is also the Chairman of Nazareth School of National University. Ms. Sy likewise serves as Adviser to the Board of SMIC and Chairman of Pico De Loro Beach and Country Club. She graduated with a degree in Business Administration from Maryknoll College.

Edward K. Lee, Filipino, was elected as an Independent Adviser to the Board last April 2023. He is concurrently the Founder and Chairman of the Board of COL, COL Securities (HK) Limited, CTS Global Equity Group, Inc., Caylum Trading Institute, CloudArch Ventures Group, and COL Investment Management, Inc. Mr. Lee served as a nominee of CTS Global Equity Group, Inc. to the Manila Stock

Exchange and presently to the Philippine Stock Exchange. He was elected as one of the Governors of the Philippine Stock Exchange and was the Chairman of the Computerization committee of the Manila Stock Exchange and PSE in 1994. He went on to become a member of the Board of Directors of A. Soriano Corporation serving for two terms. Mr. Lee was also nominated as a finalist in the 2007 Entrepreneur of the Year Philippines by Ernst & Young. In 2015, he was awarded the Theodore Vail Most Outstanding JA Alumni Awardee. From 2016 to 2019, he was appointed as an official board member of JA Asia Pacific. He took a Bachelor of Science in Industrial Management Engineering at De La Salle University. He was the recipient of the 2023 Lasallian Achievement Award by the De La Salle Alumni Association (DLSAA) and is honored as the distinguished Master Innovator awardee at the 3rd Mansmith Innovation Awards.

Elmer B. Serrano is the Corporate Secretary of SM Prime since November 2014. Mr. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner of the law firm SERRANO LAW. Mr. Serrano has been awarded “Asia Best Lawyer” by the International Financial Law Review (IFLR), “Leading Lawyer-Highly Regarded” by IFLR 1000, and named “Leading Individual” by the Legal 500 Asia Pacific.

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

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

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

Executive Officers

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

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

Joana B. Tiangco is the Chief Risk Officer of SM Prime and has been with the Company since 2016. She was formerly a compliance and risk officer of the Bank of the Philippine Islands, where she gained over 10 years' experience in banking, compliance and risk management.

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

Steven T. Tan is the President of SM Supermalls and handles mall properties in the Philippines and China. He took up Business Management at University of Santo Tomas and completed his Masters in Business Administration from Paris School of Management. Mr. Tan began his career in Howard Plaza Hotel at Taipei, Taiwan from 1990 to 1998 and moved to Shanghai, China to form part of the opening team of the Barcelo Grand Hotel. He returned to the Philippines in 2001 to work as Regional Director of Marketing and Communications for FilBarcelo, handling external affairs for the group. In 2004, he joined the Company handling mall operations for The Podium and in January 2006, led the launch and operations of SM Mall of Asia.

Jose Mari H. Banzon is the President for Residential (Primary). He holds a Bachelor of Arts degree in Economics and a Bachelor of Science degree in Management of Financial Institutions from De La Salle University. Prior to joining SMDC in 2013, he was executive vice president and general manager of Federal Land, Inc. He had also worked in the corporate banking department of various financial institutions in the Philippines and Hong Kong.

Shirley C. Ong is the Business Unit Head for Residential (Leisure). She is also the President / CEO of Highlands Prime Inc., and the President / Chairman of Costa del Hamilo. She is also the Director of the Midlands Golf and Country Club. Before joining the Company, she was First Vice President for Business Development of Filinvest Alabang, Inc. from 1995 to 2009. She brings with her over 29 years of experience, 25 years of which has been in various areas of real estate from city development, office/residential, high rise development, residential village development including finance, marketing, sales and property management. She graduated cum laude with a bachelor's degree in Arts, Major in Economics from the University of Sto. Tomas.

Antonio Felix L. Ortiga is the Business Unit Head for Commercial Property Group. He joined the Costa Del Hamilo, Inc. (CDHI) team in 2014, overseeing numerous functions, including Projects, Sales, and Property Operations. Before joining SM Group, he had local and international experience with well-established and recognized companies, spanning industries that include luxury goods and real estate financing. A graduate of Georgetown University's McDonough School of Business in Washington DC, USA with a degree of Bachelor of Science in Business Administration, Double Major in Finance and Marketing, Magna Cum Laude, he also completed his Masters of Business Administration with focus on Finance Concentration in 2007 at the Hong Kong University of Science and Technology.

Ma. Luisa E. Angeles is the Business Unit Head for Hotels and Convention Centers. She holds a Bachelor of Science degree in Hotel and Restaurant Administration from the University of the Philippines, Diliman. She has more than 40 years of domestic and international work expertise in the hotel management industry specifically in the field of sales, marketing, revenue management, events handling, operations, project development and management.

Glenn D. Ang is the President of SM Smart City Infrastructure and Development Corporation. He previously held the position of Senior Vice President for Operations of SM Supermalls where he joined the Company since 1992. He is a Certified Public Accountant and holds a Bachelor's degree in Accounting from San Beda University. He received his Post Graduate Certificate in Management

Development Program from the Asian Institute of Management. Mr. Ang worked for SGV & Co. prior to joining the Company.

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

Procedure for Nomination of Directors:

- Any stockholder of record, including a minority stockholder, as of Record Date may be nominated for election to the Board of Directors of SMPH.
- The Corporate Governance Committee passes upon, and deliberates on, the qualifications of all persons nominated to be elected to the Board of Directors of SMPH, and pre-screens nominees from the pool of candidates submitted by the nominating stockholders in accordance with the Company's By-laws and Manual of Corporate Governance. The Corporate Governance Committee shall prepare a Final List of Candidates containing information of the listed nominees, from the candidates who have passed the Guidelines, Screening Policies and Parameters for the nomination of directors. Only nominees qualified by the Corporate Governance Committee and whose names appear on the Final List of Candidates shall be eligible for election as director of the Company. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
- In case of resignation, disqualification or cessation of directorship before the next annual stockholders' meeting, the vacancy shall be filled by the vote of at least a majority of the remaining directors, provided, the Board of Directors still constituting a quorum and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation of directorship, upon the pre-qualification of the Corporate Governance Committee. Otherwise, the vacancy shall be filled by stockholders in a regular or special meeting called for that purpose. The director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

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

All directors are also encouraged to participate in continuing education programs at SMPH's expense to promote relevance and effectiveness and to keep them abreast of the latest developments in corporate directorship and good governance.

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

All SMPH directors are expected to exercise due discretion in accepting and holding directorships outside of the Company. The directors notify the Board prior to accepting directorship in another company. The following are directorships held by SMPH Directors and Executive Officers in other reporting companies, in the last five (5) years:

Henry T. Sy, Jr.

Name of Corporation

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

Position

Chairman of the Board
Vice Chairman

Amando M. Tetangco, Jr.

Name of Corporation

SM Investments Corporation
Belle Corporation
Converge ICT Solutions, Inc.
Shell Pilipinas Corporation

Position

Chairman/Independent Director
Independent Director
Independent Director
Independent Director

J. Carlitos G. Cruz

Name of Corporation

Vivant Corporation

Position

Independent Director

Hans T. Sy

Name of Corporation

China Banking Corporation
SM Investments Corporation

Position

Chairman
Adviser to the Board

Herbert T. Sy

Name of Corporation

China Banking Corporation
SM Investments Corporation

Position

Director
Adviser to the Board

Teresita T. Sy

Name of Corporation

BDO Unibank, Inc.
SM Investments Corporation

Position

Chairperson
Vice Chairperson

Elizabeth T. Sy

Name of Corporation

SM Investments Corporation

Position

Adviser to the Board

Elmer B. Serrano

Name of Corporation

Dominion Holdings, Inc. (formerly BDO Leasing and Finance, Inc.)
EEI Corporation
DFNN, Inc.
Benguet Corporation
Philippine Telegraph and Telephone Corporation
2GO Group, Inc.

Position

Chairman

Director
Director
Independent Director
Independent Director
Director

Board Committees

The members of the Audit Committee are:

AMANDO M. TETANGCO, JR.	-	Chairman (Independent Director)
DARLENE MARIE B. BERBERABE	-	Member (Independent Director)
J. CARLITOS G. CRUZ	-	Member (Independent Director)
JORGE T. MENDIOLA	-	Member
JOSE T. SIO	-	Adviser

The members of the Corporate Governance Committee are:

DARLENE MARIE B. BERBERABE	-	Chairperson (Independent Director)
J. CARLITOS G. CRUZ	-	Member (Independent Director)
AMANDO M. TETANGCO, JR.	-	Member (Independent Director)

The members of the Risk Oversight Committee are:

J. CARLITOS G. CRUZ	-	Chairman (Independent Director)
AMANDO M. TETANGCO, JR.	-	Member (Independent Director)
JORGE T. MENDIOLA	-	Member
JOSE T. SIO	-	Adviser

The members of the Related Party Transactions Committee are:

DARLENE MARIE B. BERBERABE	-	Chairperson (Independent Director)
AMANDO M. TETANGCO, JR.	-	Member (Independent Director)
JORGE T. MENDIOLA	-	Member

The members of the Executive Committee are:

HANS T. SY	-	Chairman
HENRY T. SY, JR.	-	Member
HERBERT T. SY	-	Member
ELIZABETH T. SY	-	Member
JEFFREY C. LIM	-	Member
JOHN NAI PENG C. ONG	-	Member

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

Directors and Officers for 2024-2025

The Corporate Governance Committee, confirmed by the Board, pre-qualified the following nominee for election as directors for 2024-2025 at the forthcoming Annual Stockholders' Meeting:

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

Ms. Precious V. Petalio, among others, nominated to the Board for inclusion in the Final List of Candidates for Independent Directors the following stockholders:

Amando M. Tetangco, Jr.
J. Carlitos G. Cruz
Darlene Marie B. Berberabe

Ms. Petalio is not related to Messrs. Amando M. Tetangco, Jr and J. Carlitos G. Cruz, and Ms. Darlene Marie B. Berberabe.

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

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

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

The list of nominees as officers for 2024-2025 will be presented at this year's organizational meeting of the Board of Directors:

Henry T. Sy, Jr.	Chairman
Amando M. Tetangco, Jr.	Vice Chairman and Lead Independent Director
Jeffrey C. Lim	President
John Nai Peng C. Ong	Chief Finance Officer/ Corporate Information Officer/ Chief Compliance Officer
Elmer B. Serrano	Corporate Secretary/Alternate Compliance Officer
Arthur A. Sy	Assistant Corporate Secretary/Alternate Corporate Information Officer
Marvin Perrin L. Pe	Chief Audit Executive
Joana B. Tiangco	Chief Risk Officer
Steven T. Tan	President, Malls
Jose Mari H. Banzon	President, Residential (Primary)
Shirley C. Ong	EVP, Residential (Leisure)
Antonio Felix L. Ortiga	VP, Commercial
Ma. Luisa E. Angeles	EVP, Hotels and Convention Centers
Glenn D. Ang	President, SM Smart City

Family Relationships

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

Involvement in Legal Proceedings

Except as disclosed, the Company is not aware of any of the following events having occurred during the past five (5) years up to the date of this report that are material to an evaluation of the ability or integrity of any director or any member of senior management of the Company:

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

ITEM 6. Compensation of Directors and Executive Officers

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

Name and Position

Jeffrey C. Lim
President

John Nai Peng C. Ong
Chief Finance Officer

Steven T. Tan
President, Malls

Jose Mari H. Banzon
President, Residential (Primary)

Shirley C. Ong
Head, Residential (Leisure)

Summary Compensation Table (In Million Pesos)

	Year	Salary	Bonus
President & 4 Most Highly Compensated Executive Officers	2024 (estimate)	188	32
	2023 (actual)	174	29
	2022 (actual)	161	26
All other officers* as a group unnamed	2024 (estimate)	479	81
	2023 (actual)	443	74
	2022 (actual)	409	68

*Managers & up

(A.) Compensation of Directors

In 2023, incumbent directors of SMPH received the following amount of fees as compensation for their performance of duties and functions as members of the Board of Directors of the Company:

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

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

The total amount of fees for 2023 allocated among directors does not exceed 10% of the total income of the Company before tax for 2023 in accordance with the Company's By-laws and relevant laws and regulations.

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

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

(B.) Certain Relationships and Related Transactions

The Company, in the regular course of trade or business, enters into transactions with affiliates/ related companies principally consisting of leasing agreements, management fees and cash placements. Generally, leasing and management agreements are renewed on an annual basis and are made at normal market prices. Outstanding balances at year-end are unsecured, noninterest-bearing and generally settled within 30 to 90 days. In addition, the Company also has outstanding borrowings/ placements from/ to related banks. There have been no guarantees/collaterals provided or received for any related party receivables or payables. For the year ended December 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

Please refer to Note 19 of the attached 2023 audited consolidated financial statements of the Company for the description of related party transactions of SMPH. These are non-material transactions and arrangements in the ordinary course of business and include lease agreements for office and commercial spaces with related companies such as SM Retail, BDO Unibank and China Banking Corporation, among others, the provision of manpower and other services to affiliates, as well as treasury transactions (e.g. maintenance of depository accounts, cash placements and loan availments in the ordinary course of business with BDO Unibank and China Bank) which are all on an arms' length basis in accordance with the Company's *Revised Related Party Transactions Policy* and priced based on prevailing market rates.

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

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

ITEM 7. Independent Public Accountants

SGV & Co., the external auditor of the Company for the current year, is subject to re-appointment as the Company's external auditor for 2024 with the endorsement of the Audit Committee and approval of the Board of Directors. SGV's appointment for 2024 will be presented for confirmation of stockholders at the scheduled Annual Stockholders' Meeting. Representatives of SGV & Co. are expected to be present at the stockholders' meeting, where they are given the opportunity to make a statement should they desire to do so, and to respond to questions from stockholders.

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

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

Pursuant to SRC Rule 68, Paragraph 3(b) (iv) and (ix) (Rotation of External Auditors) which states that the signing partner shall be rotated after every seven (7) years of engagement with a two-year cooling off period for the re-engagement of the same signing partner, the Company engaged Mr. Juan Miguel P. Machuca of SGV & Co. in 2023 after the term of Ms. Belinda T. Beng Hui of SGV & Co in 2022.

The fees to SGV & Co. and Ernst & Young (EY) for assurance services amounted to ₱15 million for the years ended December 31, 2023 and 2022. The other fees for non-assurance services amounted to ₱7 million and ₱3 million for the years ended December 31, 2023 and 2022, respectively.

ITEM 8. Employee Compensation Plans

There are no existing or planned stock options granted to the Company's employees. No action is to be taken at the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. Authorization or Issuance of Securities Other Than for Exchange

No action will be presented for stockholders' approval at this year's stockholders' meeting which involves authorization or issuance of any securities.

ITEM 10. Modification or Exchange of Securities

No action will be presented for stockholders' approval at this year's annual meeting which involves the modification of any class of the Company's securities, or the issuance of one class of the Company's securities in exchange for outstanding securities of another class.

ITEM 11. Financial and Other Information

The Management Report and the Company's audited consolidated financial statements for the years ended December 31, 2023, 2022 and 2021 are herein attached as reference.

ITEM 12. Mergers, Consolidations Acquisitions and Similar Matters

No action will be presented for stockholders' approval at the annual meeting in respect of (i) any merger or consolidation of SMPH into or with any other person, or of any other person into or with SMPH, (ii) any acquisition by SMPH or any of its shareholders of securities of another person, (iii) any acquisition by SMPH of any other going business or of the assets thereof, (iv) the sale or transfer or all or any substantial part of the assets of SMPH, or (v) liquidation or dissolution of SMPH.

ITEM 13. Acquisition or Disposition of Property

In the normal course of business, the Company and its subsidiaries are engaged in land banking activities for future business sites.

No action will be presented for shareholders' approval at this year's annual meeting in respect of any acquisition or disposition of property of SMPH.

ITEM 14. Restatement of Account

No action will be presented for shareholders' approval at this year's annual meeting, which involves the restatement of any of SMPH's assets, capital or surplus account.

D. OTHER MATTERS

ITEM 15. Action with Respect to Reports

The following matters with respect to minutes of stockholders of the Company and resolutions adopted by its Board of Directors, will be presented for approval during the stockholders' meeting:

- (a) Minutes of the annual meeting of stockholders held on April 25, 2023.
- (b) General ratification of the acts of the Board of Directors and the Management during their term commencing from the date of the last annual stockholders' meeting up to the date of this year's meeting.

These acts are covered by Resolutions of the Board of Directors duly adopted in the normal course of trade or business, like:

- (a) Approval of projects and land acquisitions;
- (b) Treasury matters related to opening of accounts and transactions with banks; and
- (c) Appointments of signatories and amendments thereof.

Appended to this Information Statement are the abovementioned minutes of the Annual Stockholders' Meeting of the Company held on April 25, 2023 which fully reflect the proceedings during the meeting in accordance with Section 49 of the Revised Corporation Code, including:

- 1) a description of the voting and vote tabulation procedures used in the previous meeting, including the engagement and presence of external auditor SGV & Co., which was especially engaged as third-party validator for the meeting;
- 2) a description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given; and
- 3) the list of directors and officers and a description of stockholders who participated in the meeting, duly certified to by the Corporate Secretary, verified by the Company's Stock Transfer Agent, BDO Stock Transfer, and validated by SGV & Co. The office of the Corporate Secretary has in its custody the full list and names of stockholders who participated in the hybrid 2023 Annual Stockholders' Meeting.

These minutes were posted in the Company's website within twenty-four (24) hours from adjournment of the meeting. In compliance with rules of the SEC, the Company's Definitive Information Statement (DIS) for the 2023 Annual Meeting were uploaded via PSE EDGE on March 10, 2023 and posted on the Company's website and published in the Business Sections of Manila Bulletin and the Philippine Daily Inquirer, in print and online formats prior to the 2023 Annual Meeting. This DIS contains detailed discussions on the material information on the current stockholders, and their voting rights. The same information are found in this Information on Item 1 (Voting Securities), Item 4 (Voting Securities and Principal Holders Thereof), Item 19 (Voting Procedures) and Item 20 (Market for Registrant's Common Equity and Related Stockholders Matters).

The list of stockholders entitled to vote at the upcoming Meeting is also available for inspection at the Company's principal office on business days within reasonable hours.

There are no material information on the current stockholders and their voting rights requiring disclosure.

For 2023, below is the summary of attendance of incumbent directors, indicating the attendance of each of the meetings of the board and its committees and in last regular stockholders' meeting:

Name of Director	% of Attendance in Board Meetings	% of Attendance in Committee Meetings
Henry T. Sy, Jr.	100%	100%
Amando M. Tetangco, Jr.	100%	100%
Darlene Marie B. Berberabe	100%	100%
J. Carlitos G. Cruz	100%	100%
Hans T. Sy	100%	100%
Herbert T. Sy	100%	100%
Jorge T. Mendiola	100%	100%
Jeffrey C. Lim	100%	100%

All directors were also present during the 2023 Annual Meeting of the Company.

The Board and its Committees annually conducts self-evaluation to assess their performance as a body. The Board gives its annual assessment of its performance of the Chairman, individual directors and Committees. Every three (3) years, the assessment is conducted by an external facilitator in accordance with the Company's Manual of Corporate Governance.

For the period ended December 31, 2023, there were no self-dealings or related party transactions by any director which require disclosure.

There are no other matters that would require approval of the stockholders.

ITEM 16. Matters not Required to be Submitted

There are no actions which are to be taken with respect to any matter which is not required to be submitted to a vote of stockholders of the Company.

ITEM 17. Amendment of Charter, By-Laws or Other Documents

Upon ratification by the stockholders, the Articles of Incorporation of the Company will be amended to reflect the following proposed changes:

- i. the Secondary purpose (Second Article) on borrowings, including the ability to guarantee, for and on behalf of the Company, obligations of the Company or entities in which it has lawful interests.

The amended Secondary Purpose under the Second Article of the Articles of Incorporation is proposed to read as follows:

Current	Proposed Amendment	Rationale
SECOND: That the purposes for which the said corporation is formed are: xxx	SECOND: That the purposes for which the said corporation is formed are: xxx	The proposed amendment will grant the Company express authority to borrow or raise money, guarantee obligations, secure payments of such indebtedness, and other powers for better flexibility and
2. To borrow or raise money necessary to meet the financial requirements	<u>2. To borrow or raise moneys for any of the purpose of the corporation and from time to time, to</u>	

of its business by the issuance of bonds, primary notes and other evidences of indebtedness, and to secure the repayment thereof by mortgage, pledge, deed of trust or lien upon the properties of the corporation or to issue pursuant to law shares of its capital stock, debentures and other evidences of indebtedness in payment for properties acquired by the corporation or for money borrowed in the prosecution of its lawful business; xxx	<u>draw, make, accept, endorse, guarantee its own obligations or the obligations of any entity it has legal interests in, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure payment thereof and of the interest thereon by mortgage on, or pledge, conveyance or assignment in trust of, the whole or any part of the assets of the Corporation, real, personal, or mixed including contract rights, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such assets of the corporation for the corporate purposes; xxx</u>	leverage in the conduct of its business and transactions.
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ii. Change of principal office (Third Article)

The amended Third Article of the Articles of Incorporation is proposed to read as follows:

Current	Proposed Amendment	Rationale
THIRD: That the Place where the principal office and the corporation is to be established or located is at 10 th Floor, Mall of Asia Arena (MAAX) Building, Coral Way cor. J.W. Diokno Blvd., Mall of Asia Complex, Brgy. 76, Zone 10, CBP-1A. Pasay City.	THIRD: That the Place where the principal office and the corporation is to established or located is at <u>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.</u>	The proposed amendment will reflect the change in principal office of the Company.

- iii. Extension of the Corporate Term of the Company to a perpetual existence (Fourth Article)

The amended Fourth Article of the Articles of Incorporation is proposed to read as follows:

Current	Proposed Amendment	Rationale
FOURTH: That the term for which the corporation is to exist is fifty (50) years from and after the date of incorporation.	FOURTH: That the term <u>for which said corporation is to exist is perpetual.</u>	The proposed amendment to extend the corporate term to a perpetual existence is pursuant to the Revised Corporation Code.

ITEM 18. Other Proposed Actions

The following items will be presented to the stockholders during this year's annual meeting:

- (a) Approval of the Minutes of Annual Stockholders' Meeting held on April 25, 2023;
- (b) Ratification of the Acts of Board of Directors, Board Committees and Management during their term;
- (c) Approval of the Annual Report for 2023;
- (d) Election of directors for 2024-2025; and
- (e) Appointment of external auditor for 2024.

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposed to be taken at this year's Annual Stockholders' Meeting.

ITEM 19. Voting Procedures

Vote required for approval

Matters subject to stockholder approval, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote, a quorum being present in such meeting. Each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him.

Apart from the proposed amendments to the Articles of Incorporation, matters which will be presented to stockholders for approval at this year's Annual Stockholders' Meeting require only a majority of the stockholders for approval. For election of directors, the stockholders are entitled to cumulate their votes as discussed in Part B, Item 4(3) of this Information Statement.

For the amendment of Articles of Incorporation as discussed in Item 17, the affirmative vote of stockholders representing at least two-thirds (2/3) of the Company's outstanding capital stock is required for approval in accordance with Sections 15 and 36 of the Revised Corporation Code.

Methods by which votes will be casted and counted

The Company's By-laws does not prescribe a specific manner of voting by stockholders. However, election of directors will be conducted by ballot if so requested by voting stockholders. For election of directors, the stockholders are entitled to cumulate their votes as discussed in Part B, Item 4(c) of this Information Statement.

Stockholders may vote be by personally attending the meeting or through their appointed proxies.

Proxies

Pursuant to the Company's By-laws, stockholders are requested to submit their duly accomplished proxy forms to the Corporate Secretary no later than on **April 19, 2024 (Friday)**, at the Office of the Corporate Secretary at 1105 Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City. A sample format of the proxy form for individual and corporate stockholders are attached herewith and are also available at the Company website at www.smprime.com/annual-stockholders-meeting. Stockholders who have query regarding the submission of original proxy form may send an email bearing the subject "ASM 2024 Proxy" to the Company's Investor Relations Division at info@smprime.com.

Voting In Absentia

Stockholders may also vote *in absentia* and pre-cast their votes through the Company's secure online voting facility for this meeting. *The detailed guidelines for remote participation and voting in absentia for this meeting are set forth in the "Guidelines for Remote Participation and Voting in Absentia" annexed to this Information Statement.*

Stockholders as of Record Date who have successfully registered their intention to participate remotely and to vote *in absentia*, duly verified and validated by the Company, shall be provided with unique log-in credentials to securely access the Company's voting portal. Stockholders or their proxies can then cast their votes on specific matters for approval via the online voting portal, including the election of directors.

Tabulation of Votes

The Corporate Secretary is tasked and authorized to validate, count and tabulate votes by stockholders. SGV & Co. has been engaged and appointed to independently count and validate tabulation of stockholder votes for this meeting. Pre-casted votes will be automatically tabulated and counted at the close of registration and *in absentia* voting period until meeting adjournment.

The Corporate Secretary will lead the validation of proxies, in coordination with SMPH's stock and transfer agent, and attended by SGV & Co. as independent validator and tabulator of votes. Any questions and issues relating to the validity and sufficiency of proxies, both as to form and substance, shall be resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the meeting.

ITEM 20. Market for Registrant's Common Equity and Related Stockholder Matters

CASH DIVIDEND PER SHARE - ₱0.237 in 2023, ₱0.097 in 2022 and ₱0.082 in 2021.

As of the date of this report, cash dividends for 2023 have not yet been declared. This will be discussed in a Board meeting prior to the annual stockholders' meeting.

	2023		2022	
Stock Prices	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	₱38.90	₱32.80	₱39.90	₱33.10
Second Quarter	35.10	32.10	40.05	33.30
Third Quarter	34.25	27.70	39.00	29.70
Fourth Quarter	34.55	29.55	37.00	29.80

The Company's shares of stock are traded in the Philippine Stock Exchange.

As of January 31, 2024, the closing price of the Company's shares of stock is ₱34.25/share. For the month ending January 31, 2024, stock prices of SMPH were at a high of ₱34.80/share and a low of ₱32.10/share.

The number of shareholders of record as of January 31, 2024 was 2,329. Capital stock issued and outstanding as of January 31, 2024 was 28,879,231,694.

In 2023, the Board of Directors approved the declaration of cash dividend of ₱0.237 per share or ₱6,844 million to stockholders of record as of May 10, 2023, ₱5 million of which was received by SMDC. This was paid on May 24, 2023. In 2022, the Board of Directors approved the declaration of cash dividends of ₱0.097 per share or ₱2,801 million to stockholders of record as of May 11, 2022, ₱2 million of which was received by SMDC. This was paid on May 24, 2022.

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

As of December 31, 2023, and 2022, there are no restrictions that would limit the ability of the Company to pay dividends to the common stockholders, except with respect to Note 18 of the consolidated financial statements.

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

	Name	No. of Shares Held	% to Total
1.	SM Investments Corporation	14,353,464,952	49.7017
2.	PCD Nominee Corp. (Non-Filipino)	7,040,368,271	24.3787
3.	PCD Nominee Corp. (Filipino)	2,961,232,061	10.2538
4.	Harley T. Sy	691,378,895	2.3940
5.	Hans T. Sy	682,162,901	2.3621
6.	Teresita T. Sy	667,272,021	2.3106
7.	Elizabeth T. Sy	667,166,537	2.3102
8.	Herbert T. Sy	666,953,011	2.3095
9.	Syntrix Holdings, Inc.	317,827,673	1.1005
10.	Sysmart Corporation	317,775,948	1.1004
11.	Henry T. Sy Jr.	291,611,915	1.0098
12.	Cutad, Inc.	19,694,544	0.0682
13.	HSBB, Inc.	19,694,400	0.0682
14.	William T. Gabaldon	1,500,000	0.0052
15.	Henry III Tamesis Sy	912,575	0.0032
16.	Lucky Securities, Inc.	910,000	0.0032
17.	Jose T. Tan &/or Pacita L. Tan	892,126	0.0031
18.	Jasmin T. Sy	855,607	0.0030
19.	Senen Mendiola	800,763	0.0028
20.	Deborah Pe	781,909	0.0027

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

The Company registered with the SEC the ₱30.00 billion fixed rate bonds issued on April 22, 2022. The issue consists of the 5-year or Series P Bonds amounting to ₱10.92 billion with a fixed interest

equivalent to 5.6141% per annum due on 2027, the 7-year or Series Q Bonds amounting to ₱13.03 billion with a fixed interest equivalent to 6.1175% per annum due on 2029 and the 10-year or Series R Bonds amounting to ₱6.05 billion with a fixed interest equivalent to 6.5432% per annum due on 2032.

There are no other recent sales of unregistered or exempt securities, including recent issuance of securities constituting an exemption transaction.

The Company currently has no other registered debt securities. As disclosed however, the Company proposes and will process regulatory approvals for shelf-registered bonds in the aggregate amount of ₱100 billion.

There are likewise no existing or planned stock options for the Company. There are no registered securities subject to redemption or call. There are no existing or planned stock warrant offerings.

ITEM 21. Corporate Governance

A significant contributor to the Company's continued success is the commitment of its directors, officers and employees to foster a culture of fairness, integrity, accountability and transparency at all levels within the organization. Through the Company's Manual on Corporate Governance (**Manual**), various initiatives were launched in line with the best practices as contained in its Manual.

The Manual institutionalizes principles of good corporate governance. It recognizes that adherence with the principles of good corporate governance should emanate from the Board of Directors. To this end, a director must act in a manner characterized by transparency, accountability and fairness. The Manual describes the general responsibilities and specific duties and functions of the Board, as well as those of the Board Committees, Corporate Secretary, and external and internal auditors. The Company is fully compliant with the Manual and thus, does not have any deviation from the said Manual.

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

The Company also adopted policies and guidelines to govern conflicts of interest, acceptance of gifts, insider trading and related party transactions, to name a few. In accordance with the Conflict of Interest Policy, all directors, officers and employees are required to disclose any financial or personal interest or benefit in any transaction involving the Company to ensure that potential conflicts of interest are immediately brought to the attention of Management. The Company also issued a policy to prohibit its directors, officers and employees from soliciting or accepting gifts in any form from any business partner, except for corporate giveaways, tokens or promotional items of nominal value, and adopted guidelines to prohibit its directors, officers and employees from buying or selling shares of stock of listed SM companies while in possession of material and confidential information. Furthermore, through the Related Party Transactions Policy, the Company is committed to transparency by practicing full disclosure of the details, nature, extent, and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports to the SEC and PSE. These rules supplement the existing corporate governance policies in the Manual on Corporate Governance and Code of Ethics.

Furthermore, the orientation program of the Human Resources Department (HRD) gives new employees an overview of the various components of SM Prime's Corporate Governance Framework, the Code of Ethics and related policies which are also contained in an internal portal for employees' easy access and reference. It also covers the importance of ethics in the business, informs employees of their rights and obligations, as well as the principles and best practices in the promotion of good work

ethics. Relative to this, the HRD, on an annual basis, requires all employees to take the 3-part Corporate Governance course. This specifically includes the following:

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

The Company conducts regular monitoring of its and its directors and officers’ compliance with the Manual of Corporate Governance. The Company submits every year its Integrated Annual Corporate Governance Report, which shows that it has complied with the recommendations under the Code of Corporate Governance for Publicly-Listed Companies.

The Company also keeps itself abreast of relevant regulatory issuances and requirements and global best practices and familiarizes itself with updates and trends even before they are required by local regulations. This is part of the continuing efforts to improve corporate governance of SMPH.

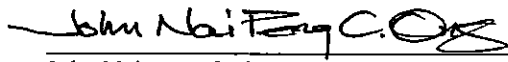
NOTE: SMPH will provide to its stockholders free of charge printed copies of the Company’s Annual Report (SEC Form 17-A) upon written request addressed to Mr. John Nai Peng C. Ong, Chief Finance Officer, at 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City, Metro Manila, Philippines.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasay on February 28, 2024.

By: **SM PRIME HOLDINGS, INC.**



John Nai Peng C. Ong
Chief Finance Officer

MANAGEMENT REPORT

A. Brief Description of the General Nature and Scope of the Registrant's Business and Its Subsidiaries

SMPH was duly incorporated under Philippine laws on January 6, 1994.

SMPH consolidates all of the SM Group's real estate subsidiaries and real estate assets under one single listed entity, SMPH and its subsidiaries (**SM Prime**). SM Prime has four business units, namely, malls, residential, commercial and hotels and convention centers.

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

The subsidiaries of the Company are as follows:

Company	Country of Incorporation	Percentage of Ownership	
		2023	2022
Malls			
A. Canicosa Holdings, Inc.	Philippines	100.0	100.0
AD Canicosa Properties, Inc.	- do -	100.0	100.0
Associated Development Corporation	- do -	100.0	100.0
Britannia Trading Corp. and Subsidiaries (BTC)	- do -	100.0	100.0
CHAS Realty and Development Corporation and Subsidiaries	- do -	100.0	100.0
Cherry Realty Development Corporation	- do -	100.0	100.0
Consolidated Prime Dev. Corp.	- do -	100.0	100.0
Magenta Legacy, Inc.	- do -	100.0	100.0
Premier Central, Inc. and Subsidiary	- do -	100.0	100.0
Premier Southern Corp.	- do -	100.0	100.0
Prime Metroestate, Inc. and Subsidiary	- do -	100.0	100.0
Prime Commercial Property Management Corp. and Subsidiaries	- do -	100.0	100.0
Rushmore Holdings, Inc.	- do -	100.0	100.0
San Lazaro Holdings Corporation	- do -	100.0	100.0
Simply Prestige Limited and Subsidiaries	- do -	100.0	100.0
SM Arena Complex Corporation	- do -	100.0	100.0
SM Land (China) Limited and Subsidiaries	Hong Kong	100.0	100.0
Southernpoint Properties Corp.	Philippines	100.0	100.0
Springfield Global Enterprises Limited	- do -	100.0	100.0
Supermalls Transport Services, Inc.	- do -	100.0	100.0
First Asia Realty Development Corporation	- do -	74.2	74.2
Mindpro, Incorporated*	- do -	70.0	70.0
First Leisure Ventures Group Inc. (FLVGI)	- do -	50.0	50.0
Residential			
SM Development Corporation and Subsidiaries (SMDC)	- do -	100.0	100.0
Costa del Hamilo Inc. and Subsidiary	- do -	100.0	100.0
Highlands Prime Inc. and Subsidiary	- do -	100.0	100.0
Commercial			
MOA Esplanade Port, Inc.	- do -	100.0	100.0
Premier Clark Complex, Inc.	- do -	100.0	100.0
SM Smart City Infrastructure and Development Corporation	- do -	100.0	100.0
Tagaytay Resort Development Corporation	- do -	100.0	100.0
Hotels and Convention Centers			
SM Hotels and Conventions Corp. and Subsidiaries	- do -	100.0	100.0

Malls

SM Prime's mall business unit operates and maintains commercial shopping malls and is involved in all related businesses, such as the operation and maintenance of shopping spaces for rent, amusement centers and cinema theaters. Its main sources of revenues include rental income from leases in mall and food court, cinema ticket sales, and amusement income from bowling and ice skating. As of December 31, 2023, the mall business unit has eighty-five shopping malls in the Philippines with 9.2 million square meters of GFA and eight shopping malls in China with 1.6 million square meters of GFA.

In 2023, SM Prime's mall business unit opened three malls in the Philippines namely, SM City Bataan in Ibayo Balanga City, SM Center San Pedro in Laguna and SM City Sto. Tomas in Batangas. The Company also opened one mall in China namely SM Yangzhou. These new malls, plus the expansion of the Company's existing malls, provided an addition of almost 0.4 million square meters of GFA.

Residential

SM Prime's revenues from residential business is derived largely from the sale of condominium units. As of December 31, 2023, residential business unit has sixty-seven residential projects, forty-seven of which are in Metro Manila and twenty are outside Metro Manila.

SM Prime also owns leisure and resort developments, including properties located within the vicinity of Tagaytay Highlands and Tagaytay Midlands golf clubs in Laguna, Tagaytay City and Batangas.

In addition, SM Prime is the developer of Pico de Loro Cove, the first residential community within Hamilo Coast, a master planned coastal resort township development in Nasugbu, Batangas, encompassing 13 coves and 31 kilometers of coastline.

Commercial

SM Prime's commercial business unit is engaged in the development and leasing of office buildings in prime locations in Metro Manila, as well as the operations and management of such buildings and other land holdings. As of December 31, 2023, SM Prime has eighteen office buildings with a combined GFA of almost 1.6 million square meters.

Hotels and Convention Centers

SM Prime's hotels and convention centers business unit develops and manages the various hotel and convention center properties of the Company. As of December 31, 2023, the hotels and convention centers business unit is composed of ten hotels with over 2,600 saleable rooms; six convention centers and two trade halls. In October 2023, the Company opened its 10th hotel namely Lanson Place Mall of Asia, Manila.

B. Changes in and disagreements with accountants on accounting and financial disclosure

There are no significant changes in and disagreements with accountants on accounting and financial disclosure.

C. Management's Discussion and Analysis or Plan of Operation

Income Statements

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

Revenues

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

Rent

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

Real Estate Sales

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

Other Revenues

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

Costs and Expenses

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

Other Income (Charges)

Interest Expense

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

Interest, Dividend and Others - net

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

Provision for income tax

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

Net income attributable to non-controlling interests

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

Net income attributable to Parent

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

Income Statements

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

Revenues

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

Rent

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

Real Estate Sales

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

Other Revenues

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

Costs and Expenses

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

Costs of Real Estate

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

Operating Expenses

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

Other Income (Charges)

Interest Expense

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

Interest, Dividend and Others - net

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

Provision for income tax - net

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

Net income attributable to non-controlling interests

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

Net income attributable to Parent

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

Income Statement

(in ₱ thousands)	Years Ended December 31			
	2021	2020	Increase (Decrease)	
	(Audited)		in ₱	in %
REVENUE				
Real estate sales	₱45,116,120	₱46,973,399	(₱1,857,279)	(4%)
Rent	34,694,185	32,013,024	2,681,161	8%
Others	2,505,179	2,912,875	(407,696)	(14%)
	82,315,484	81,899,298	416,186	1%
COSTS AND EXPENSES	49,900,933	52,825,112	(2,924,179)	(6%)
INCOME FROM OPERATIONS	32,414,551	29,074,186	3,340,365	11%
OTHER INCOME (CHARGES)				
Interest expense	(9,357,616)	(8,596,750)	(760,866)	9%
Interest and dividend income	1,025,066	1,207,227	(182,161)	(15%)
Others – net	3,651,524	779,078	2,872,446	369%
	(4,681,026)	(6,610,445)	1,929,419	(29%)
INCOME BEFORE INCOME TAX	27,733,525	22,463,741	5,269,784	23%
PROVISION FOR INCOME TAX				
Current	2,816,720	1,761,051	1,055,669	60%
Deferred	3,005,402	2,562,953	442,449	17%
	5,822,122	4,324,004	1,498,118	35%
NET INCOME	₱21,911,403	₱18,139,737	₱3,771,666	21%
Attributable to				
Equity holders of the Parent	₱21,786,516	₱18,006,512	₱3,780,004	21%
Non-controlling interests	124,887	133,225	(8,338)	(6%)
	₱21,911,403	₱18,139,737	₱3,771,666	21%

Revenues

SM Prime recorded consolidated revenues of ₱82.32 billion in 2021, an increase of 1% compared to ₱81.90 billion in the same period of 2020, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱34.69 billion in 2021, an 8% increase from ₱32.01 billion in the same period of 2020. Out of the total rental revenues, 83% is contributed by the malls and the rest from offices and hotels and convention centers. Rent revenues of ₱10.91 billion in the last quarter of 2021 increased by 46% from the ₱7.48 billion in the same period in 2020 as the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) and local government unit (LGU) eased ECQ restrictions during the fourth quarter of 2021, relaxing age mobility restrictions and allowing more tenants to operate.

Real Estate Sales

SM Prime recorded real estate sales of ₱45.12 billion in 2021, slightly lower from ₱46.97 billion in 2020. Reservation sales in 2021 is flat at ₱98.9 billion. Revenues are recognized in the books based on percentage of completion.

Other Revenues

SM Prime's other revenues improved to ₱0.95 billion in the last quarter of 2021 compared to ₱0.63 billion in the same period in 2020. However, it decreased by 14% to ₱2.51 billion in 2021 from ₱2.91 billion in the same period in 2020 as pandemic condition started in March 2020. Other revenues in 2021 include cinema and event ticket sales, sponsorships and advertising revenues, bowling operations and sale of food and beverages in hotels.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱49.90 billion in 2021, a decrease of 6% from ₱52.83 billion in the same period in 2020, as a result of the following:

Costs of Real Estate

Consolidated costs of real estate decreased by 9% to ₱18.69 billion in 2021 from ₱20.58 billion in the same period in 2020 due to decrease in real estate sales, net of savings as a result of improving cost efficiencies. Gross profit margin on real estate sales improved to 59% in 2021 from 56% in 2020.

Operating Expenses

SM Prime's consolidated operating expenses decreased by 3% to ₱31.21 billion in 2021 compared to last year's ₱32.25 billion. Out of the total operating expenses, 64% is contributed by the malls. Operating expenses include depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities and manpower costs.

Other Income (Charges)

Interest Expense

SM Prime's consolidated interest expense increased by 9% to ₱9.36 billion in 2021 compared to ₱8.60 billion in the same period in 2020 mainly due to ₱20.00 billion retail bonds issued in 2021 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 ₱4.68 billion in 2021 from last year's ₱1.99 billion. This mainly consists of interest income from cash and cash equivalents, dividend income from equity instruments, equity in net earnings from associates and joint ventures and foreign exchange gains and losses.

Provision for income tax - net

SM Prime's consolidated provision for income tax - net increased to ₱5.82 billion in 2021 compared to ₱4.32 billion in the same period in 2020. The Company recognized one-time impact of CREATE amounting to ₱0.29 billion.

Net income attributable to Parent

SM Prime's consolidated net income attributable to Parent increased by 21% to ₱21.79 billion in 2021 as compared to ₱18.01 billion in the same period in 2020.

Balance Sheet

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For the year 2024, the Company is looking at 100,000 million for its capital expenditure program. This will be funded with internally generated funds and external borrowings.

Balance Sheet

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Balance Sheet

(in ₱ thousands)	December 31, 2021 (Audited)	December 31, 2020	Increase (Decrease) in ₱ in %	
ASSETS				
Current Assets				
Cash and cash equivalents	₱39,775,852	₱30,661,614	₱9,114,238	30%
Receivables and contract assets	73,019,966	58,944,930	14,075,036	24%
Real estate inventories	56,575,047	43,691,877	12,883,170	29%
Equity instruments at fair value through other comprehensive income (FVOCI)	547,041	568,146	(21,105)	(4%)
Derivative assets	753,506	2,747	750,759	27330%
Prepaid expenses and other current assets	24,993,357	23,205,662	1,787,695	8%
Total Current Assets	195,664,769	157,074,976	38,589,793	25%
Noncurrent Assets				
Equity instruments at FVOCI - net of current portion	17,400,372	16,131,568	1,268,804	8%
Investment properties	467,391,988	436,159,081	31,232,907	7%
Investments in associates and joint ventures	29,187,435	27,735,239	1,452,196	5%
Property and equipment	1,372,276	1,311,208	61,068	5%
Deferred tax assets - net	734,975	831,546	(96,571)	(12%)
Derivative assets - net of current portion	1,043,670	—	1,043,670	100%
Other noncurrent assets	91,607,795	83,115,307	8,492,488	10%
Total Noncurrent Assets	608,738,511	565,283,949	43,454,562	8%
	₱804,403,280	₱722,358,925	₱82,044,355	11%
LIABILITIES AND EQUITY				
Current Liabilities				
Loans payable	₱6,487,427	₱10,900,000	(₱4,412,573)	(40%)
Accounts payable and other current liabilities	91,377,717	81,033,985	10,343,732	13%
Current portion of long-term debt	42,261,601	42,738,350	(476,749)	(1%)
Derivative liabilities	335,367	357,662	(22,295)	(6%)
Income tax payable	563,387	957,906	(394,519)	(41%)
Total Current Liabilities	141,025,499	135,987,903	5,037,596	4%
Noncurrent Liabilities				
Long-term debt - net of current portion	264,969,216	218,830,647	46,138,569	21%
Tenants' and customers' deposits - net of current portion	21,458,281	21,331,869	126,412	1%
Liability for purchased land - net of current portion	2,540,050	1,251,227	1,288,823	103%
Deferred tax liabilities - net	9,688,555	6,786,018	2,902,537	43%
Derivative liabilities - net of current portion	1,748,186	2,445,735	(697,549)	(29%)
Other noncurrent liabilities	28,612,720	25,007,898	3,604,822	14%
Total Noncurrent Liabilities	329,017,008	275,653,394	53,363,614	19%
Total Liabilities	₱470,042,507	₱411,641,297	₱58,401,210	14%

Equity Attributable to Equity Holders of the Parent				
Capital stock	₱33,166,300	₱33,166,300	₱—	0%
Additional paid-in capital - net	38,056,016	38,022,913	33,103	0%
Cumulative translation adjustment	3,083,184	1,524,439	1,558,745	102%
Net fair value changes of equity instruments at FVOCI	14,708,368	13,460,669	1,247,699	9%
Net fair value changes on cash flow hedges	(432,883)	(1,769,030)	1,336,147	(76%)
Remeasurement loss on defined benefit obligation	(548,643)	(587,796)	39,153	(7%)
Retained earnings:				
Appropriated	42,200,000	42,200,000	—	0%
Unappropriated	205,671,557	186,251,267	19,420,290	10%
Treasury stock	(2,984,695)	(2,984,695)	—	0%
Total Equity Attributable to Equity Holders of the Parent	332,919,204	309,284,067	23,635,137	8%
Non-controlling Interests	1,441,569	1,433,561	8,008	1%
Total Equity	334,360,773	310,717,628	23,643,145	8%
	₱804,403,280	₱722,358,925	₱82,044,355	11%

SM Prime's total assets amounted to ₱804.40 billion and ₱722.36 billion as of December 31, 2021 and December 31, 2020, respectively.

Cash and cash equivalents increased by 30% from ₱30.66 billion to ₱39.78 billion as of December 31, 2020 and December 31, 2021, respectively, mainly due to improved collections, proceeds from the issuance of bonds and availment of new loans, net of payments for capital expenditure projects during the period and debt servicing.

Receivables and contract assets increased by 24% from ₱58.94 billion to ₱73.02 billion as of December 31, 2020 and December 31, 2021, respectively, due to sale of residential units.

Real estate inventories increased by 29% from ₱43.69 billion to ₱56.58 billion as of December 31, 2020 and December 31, 2021, respectively, due to construction accomplishments for the period, net of cost of sold units.

Equity instruments at fair value through other comprehensive income increased by 7% from ₱16.70 billion to ₱17.95 billion as of December 31, 2020 and December 31, 2021, respectively, with equivalent increase of 9% in net fair value changes of equity instruments at FVOCI, from ₱13.46 billion to ₱14.71 billion as of December 31, 2020 and December 31, 2021, respectively, due to changes in fair values under this portfolio.

Prepaid expenses and other current assets increased by 8% from ₱23.21 billion to ₱24.99 billion as of December 31, 2020 and December 31, 2021, respectively, due to increase in input and creditable withholding taxes and deposits and advances to contractors related to construction projects.

Investment properties increased by 7% from ₱436.16 billion to ₱467.39 billion as of December 31, 2020 and December 31, 2021, respectively, primarily due to landbanking, ongoing new mall projects, redevelopment of SM Mall of Asia and other existing malls, and construction of commercial buildings, net of depreciation expense for the period.

Investments in associates and joint ventures increased by 5% from ₱27.74 billion to ₱29.19 billion as of December 31, 2020 and December 31, 2021, respectively, due to equity in net earnings of associates and joint ventures.

Property and equipment increased by 5% from ₱1.31 billion to ₱1.37 billion as of December 31, 2020 and December 31, 2021, respectively, primarily due to acquisitions, net of depreciation during the period.

Other noncurrent assets, which includes bonds and deposits for real estate acquisitions and noncurrent portion of receivables from sale of real estate, increased by 10% from ₱83.12 billion to ₱91.61 billion as of December 31, 2020 and December 31, 2021, respectively.

Loans payable decreased by 40% from ₱10.90 billion to ₱6.49 billion as of December 31, 2020 and December 31, 2021, respectively, due to payments, net of availment for the period.

Accounts payable and other current liabilities increased by 13% from ₱81.03 billion to ₱91.38 billion as of December 31, 2020 and December 31, 2021, respectively, mainly due to payables to contractors and suppliers related to ongoing projects, liability for purchased land and customers' deposits.

Long-term debt increased by 17% from ₱261.57 billion to ₱307.23 billion as of December 31, 2020 and December 31, 2021, respectively, mainly due to the issuance of ₱20.00 billion retail bonds in 2021 and new loan availments, net of payments of maturing loans.

Derivative liabilities - net decreased from ₱2.80 billion to ₱0.29 billion as of December 31, 2020 and December 31, 2021, respectively, as a result of foreign exchange and net fair value changes on swap transactions, as well as maturity in January 2021 of certain principal only swap and interest rate swap transactions entered into to hedge the Company's foreign exchange currency exposure on dollar denominated long-term debts. This also resulted to the 76% decrease in net fair value changes on cash flow hedges from ₱1.77 billion to ₱0.43 billion as of December 31, 2020 and December 31, 2021, respectively.

Liability for purchased land increased from ₱1.25 billion to ₱2.54 billion as of December 31, 2020 and December 31, 2021, respectively, due to acquisitions.

Deferred tax liabilities - net increased by 43% from ₱6.79 billion to ₱9.69 billion as of December 31, 2020 and December 31, 2021, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes. Deferred tax assets - net decreased by 12% from ₱0.83 billion to ₱0.73 billion as of December 31, 2020 and December 31, 2021.

Other noncurrent liabilities increased by 14% from ₱25.01 billion to ₱28.61 billion as of December 31, 2020 and December 31, 2021, respectively, due to increase in noncurrent portion of lease liabilities and deferred output VAT related to sale of residential projects.

Cumulative translation adjustment increased by 102%, from ₱1.52 billion to ₱3.08 billion as of December 31, 2020 and December 31, 2021, respectively, as a result of foreign exchange. While remeasurement loss on defined benefit obligation decreased by 7% from ₱0.59 billion to ₱0.55 billion as of December 31, 2020 and December 31, 2021, respectively, due to actuarial gain for the year.

As at December 31, 2021 and December 31, 2020, 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 2022, the Company expects to incur capital expenditures of around ₱80 billion. This will be funded with internally generated funds and external borrowings.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company as at and for the years ended December 31, 2023, 2022, and 2021:

	Year ended December 31		
	2023	2022	2021
Current ratio	1.26	1.53	1.39
Acid test ratio	0.64	0.87	0.81
Solvency ratio	1.73	1.72	1.71
Debt to equity	48:52	49:51	49:51
Net debt to equity	46:54	46:54	45:55
Return on equity	11%	9%	7%
Net income margin	31%	28%	26%
Debt to EBITDA	4.95	5.77	7.28
Asset to equity ratio	2.38	2.41	2.42
Interest service coverage ratio	5.31	5.33	4.61
Return on investment properties	9%	7%	6%

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

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

As of December 31, 2023, 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.

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

SIGNIFICANT SUBSIDIARIES

The following subsidiaries contribute at least 5% of the Company's net income for the years ended December 31, 2023, 2022, and 2021:

	Contribution to Consolidated Net Income		
	2023	2022	2021
SMDC	19%	14%	48%
FARDC	7%	7%	3%

The remaining undisclosed subsidiaries comprise of only a minimal percentage of the Company's consolidated net income.

The key performance indicators of the significant subsidiaries as at and for the years ended December 31, 2023, 2022, and 2021 are as follows:

	SMDC			FARDC		
	2023	2022	2021	2023	2022	2021
Current ratio	1.93	2.28	2.51	2.32	1.55	0.87
Debt to Equity	50:50	50:50	46:54	7:93	9:91	18:82
Net Debt to Equity	49:51	50:50	45:55	-64:164	-21:121	13:87
Return on Equity	7%	4%	10%	35%	33%	13%
Return on Assets	3%	2%	4%	22%	20%	8%



2024 ANNUAL STOCKHOLDERS' MEETING

April 23, 2024 at 2:30 p.m.

Guidelines for Remote Participation and Voting *in Absentia*

Registration

Stockholders who intend to attend the meeting remotely must notify the Corporate Secretary by no later than **April 19, 2024**, by registering at asmregister.smprime.com and uploading the following supporting documents/information, subject to verification and validation by the Corporate Secretary:

- Individual Stockholders
 1. Copy of valid government ID of stockholder (and proxy, if applicable)
 2. Stock certificate number/s
 3. If appointing a proxy, copy of proxy form duly signed by stockholder (need *not* be notarized)
 4. Email-address and contact number of stockholder (or proxy, if applicable)
- Multiple Stockholders or joint owners
 1. Stock certificate number/s
 2. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the names of multiple stockholders (need *not* be notarized)
 3. Copy of valid government IDs of all registered stockholders
 4. Email-address and contact number of authorized representative
- Corporate Stockholders
 1. Secretary's Certification of Board resolution appointing and authorizing the authorized representative or proxy to participate in the ASM
 2. Valid government ID of the authorized representative or proxy
 3. Stock certificate number/s
 4. Email-address and contact number of authorized representative or proxy
- Stockholders with Shares under broker account
 1. Certification from broker as to the number of shares owned by stockholder
 2. Valid government ID of stockholder (and proxy, if applicable)
 3. If appointing a proxy, copy of proxy form duly signed by stockholder (need *not* be notarized)
 4. Email-address and contact number of stockholder (or proxy, if applicable)

Important Reminder: Please refrain from sending duplicate and inconsistent information/documents as this can result in failed registration. All documents/information shall be subject to verification and validation by the Corporate Secretary.

An active/valid email address is required for the registration. Any single email address can be used to register up to five (5) times for multiple shareholdings with the Company under different classifications, i.e., single, joint, multiple/joint, corporate and under broker account. If you have exceeded this number of allowable request, please contact the Company's Investor Relations Division at (632) 8862-7942 or via email at info@smprime.com.

Online Voting

Stockholders who have successfully registered their intention to attend the meeting remotely shall be notified via email of their unique log-in credentials for the voting portal. Stockholders can then cast their votes for specific items in the agenda, as follows:

1. Access the voting portal by clicking the link, and log in using the unique credentials sent by email to the email-address of the stockholder provided to the Company.
2. Upon accessing the portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval are appended as **Annex A** to the Notice of Meeting.
 - 2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.
 - 2.2 For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees (abstain), or vote for certain nominees only.

Note: A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (8 directors for SM Prime) multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder.

Example: A stockholder who has one hundred (100) shares in the Company will have eight hundred (800) votes (one hundred shares multiplied by eight directors to be elected) to distribute among the candidates. Thus, he or she may 1) divide all votes among all candidates equally; or 2) allocate all votes to one or some candidates in any manner so long as the total number of votes does not exceed eight hundred (800).

3. Once the stockholder has finalized his or her vote, he or she can proceed to submit the same by clicking the "Submit" button.
4. The stockholder can still change and re-submit votes, provided, such new votes are submitted using the same log-in credentials. Previous votes will be automatically overwritten and replaced by the system with the new votes cast.

ASM Livestream

The ASM will be broadcasted live and stockholders who have successfully registered online can participate via remote communication. Details of the meeting will be sent to stockholders in the emails provided to the Company. Instructions on how to access the livestream will also be posted at www.smprime.com/annual-stockholders-meeting.

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating stockholders upon request.

Open Forum

During the meeting, the Company will have an Open Forum, during which, the meeting's moderator will read, and representatives of the Company shall endeavor to answer, as many of the questions and comments received from stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2024 Open Forum" to info@smprime.com on or before April 22, 2024. A section for stockholder comments/questions or a "chatbox" shall also be available during the livestream.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company's Investor Relations team.

For any queries or concerns regarding these Guidelines, please contact the Company's Investor Relations Division at (632) 8862-7942 or via email at info@smprime.com.

For complete information on the annual meeting, please visit www.smprime.com/annual-stockholders-meeting.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **AMANDO M. TETANGCO, JR.** Filipino, of legal age and a resident of [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director (ID) of **SM Prime Holdings, Inc.**
- 2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
SM Investments Corporation (PLC)	Chairman	June 2023 to present
Shell Pilipinas Corporation (PLC)	Independent Director	May 2021 to present
Converge ICT Solutions, Inc. (PLC)	Independent Director	June 2020 to present
CIBI Information, Inc.	Independent Director	June 2020 to present
Toyota Motor Philippines	Independent Director	March 2019 to present
Manila Hotel	Independent Director	August 2018 to present
Foundation for Liberty and Prosperity	Trustee	May 2019 to present
Belle Corporation (PLC)	Independent Director	December 2017 to present
Tan Yan Kee Foundation	Trustee	December 2017 to present
St. Luke's Medical Center	Trustee	August 2017 to present

- 3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.
- 4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

- 5. To the best of my knowledge, I disclose that I am the subject of the following criminal/administrative investigation or proceeding:


OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
See Notes below		

¹ A criminal and administrative case (OMB-C-C-13-0092) filed by Maxy Abad et al. against Mr. Amando M. Tetangco, Jr. et al. with the Ombudsman was dismissed on May 13, 2015. The dismissal was elevated to the Court of Appeals (CA) (CA-G.R. SP No. 144038), which sustained the dismissal on May 15, 2017. The CA's resolution was assailed with the Supreme Court (SC) (G.R. 234696) upon the filing of a Petition for Review dated November 29, 2017. In its Resolution dated October 3, 2022, the Supreme Court denied the Petition for Review of the petitioners and affirmed the May 15, 2017 Decision and October 4, 2017 Resolution of the Court of Appeals. To date, we have not yet received a Motion for Reconsideration on the said Resolution nor an Entry of Judgment.

² A complaint for damages was filed by Mr. Antonio Tiu, et al. against Mr. Amando M. Tetangco, Jr. et al in connection with the Report of the Anti-Money Laundering Council (AMLC), which served as the basis of AMLCs ex-parte petition for the issuance of Freeze Order issued by the Court of Appeals in CA G.R. AMLA No. 00134 dated 11 May 2015. Mr. Tetangco, Jr., et al., were impleaded in their official capacity as members and/or officers of the AMLC.


6. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this FEB 19 2024 day of PASAY CITY.


AMANDO M. TETANGCO, JR.
Affiant

SUBSCRIBED AND SWORN to before me this FEB 19 2024 day of PASAY CITY,
affiant personally appeared before me and exhibited to me his Philippine Passport No. [REDACTED] issued
at [REDACTED] valid until [REDACTED]

Doc. No. 213;
Page No. 44;
Book No. 10;
Series of 2024.


ATTY. RONHEL VINN A. PAPA
Notary Public for Pasay City
Until December 31, 2024
IBP OR No. 324349/ 04-Dec-2023 / Roll No. 73157
PTR OR No. 8457592 1/04/24 / TIN# 743-448-049
MCLE Compliance No. VII-0025922 valid until 14 April 2025

In an order dated 27 March 2020, the Regional Trial Court of Quezon City dismissed the Complaint for Damages (Civil Case No. R-QZN-15-04513-CV) as to plaintiff Spouses James and Ann Lorraine Tiu against Mr. Tetangco Jr., Ms. Teresita Herbosa, Mr. Emmanuel Doc, and Ms. Julia Abad; and ordered Mr. Antonio Tiu to amend his complaint. Plaintiffs filed a Motion for Reconsideration, to which the Office of the Solicitor General (in representation of defendants Tetangco, et al) filed its Comment. In an Order dated 9 February 2021, the trial court denied the Motion for Reconsideration filed by the Spouses Tiu and upheld its earlier 27 March 2020 Order dismissing the case. Aggrieved Tiu, et al filed a Petition for Certiorari with the Court of Appeals (CA-G.R. SP No. 169478), assailing the 27 March 2020 and 09 February 2021 Orders. The CA, in its Decision dated 13 November 2023, dismissed the Petition for Certiorari and upheld the 27 March 2020 and 09 February 2021 Orders. On 21 December 2023, a Motion for Reconsideration was filed in relation to the said Decision. To date, we have not received a Resolution/Order from the CA.

³ A Subpoena dated November 8, 2022 was reportedly issued by the Office of the City Prosecutor - Manila in connection with the Joint Complaint-Affidavit filed by Perry Y. Uy and Cesar M. Mayo, Jr. against Mr. Amando M. Tetangco, Jr. and several other respondents including former members of the Monetary Board, for alleged violation of the Central Bank Act, as amended (R.A. 7653 as amended by R.A. 11211). As of this date, no official service of subpoena or complaint has been made on Mr. Tetangco. The other respondents who have officially received the subpoena and/or voluntarily submitted to the jurisdiction of the OCP- Manila filed their respective counter-affidavits and their joint rejoinder-affidavit. In a Resolution dated 10 February 2023, the OCP-Manila dismissed the complaint against all respondents, including Mr. Tetangco, for lack of probable cause. Consequently, complainants requested a reconsideration of the said resolution which was eventually denied by the OCP-Manila in a Resolution dated 03 May 2023. Accordingly, complainants filed a Petition for Review dated 02 June 2023 with the Department of Justice ("DOJ"). On 23 June 2023, the other respondents filed a Verified Comment [To Petition for Review dated 02 June 2023] of even date. To date, we have not received any resolution/order from the DOJ.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DARLENE MARIE B. BERBERABE**, Filipino, of legal age and a resident of [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **SM Prime Holdings, Inc.**
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):


COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
University of the Philippines-College of Law	Dean	2023-present
UnionDigital Bank	Director (BOD)	2023-present
Joy-Nostalg Solaris Inc.	Chairperson	2022 – present
Philippine Judicial Academy	Faculty	2022 – present
The Outstanding Women in Nation Service	Trustee	2021 – present
UP Law Alumni Foundation	Trustee	2019 – present
BCDA (GOCC)	Consultant to the Chairman	2018 – present
Palm Concepcion Power Corporation	Director (BOD)	2018 – present
PA Alvarez	Director (BOD)	2018 – present
Katapult Digital	Co-Founder and Director (BOD)	2017 – present
Phil. Heart Association	Trustee	2017 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SM Prime Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not Applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SM Prime Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of FEB 19 2024, at PASAY CITY.


DARLENE MARIE B. BERBERABE
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of FEB 19 2024 at PASAY CITY
affiant personally appeared before me and exhibited to me her Passport No. [REDACTED] issued at [REDACTED]
[REDACTED] valid until [REDACTED]

Doc. No. 213 ;
Page No. 4 ;
Book No. 10 ;
Series of 2024 ;


ATTY. RONHEL VINN A. PAPA

Notary Public for Pasay City
Until December 31, 2024
IBP OR No. 324349/ 04-Dec-2023 / Roll No. 73157
PTR OR No. 8457592 1/04/24 / TIN# 743-448-049
MCLE Compliance No. VII-0025922 valid until 14 April 2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **J. CARLITOS G. CRUZ**, Filipino, of legal age and a resident of [REDACTED]
[REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **SM Prime Holdings, Inc.**
2. I am affiliated with the following companies or organizations:

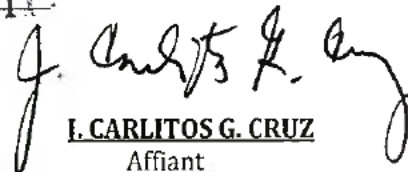
COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Global Cebuana Finance Inc.	Independent Director	Less than a year
Cebuana Cycle Financing, Inc.	Independent Director	Less than a year
AFC SME Finance Inc.	Independent Director	Less than a year
Global SME Loans, Inc.	Independent Director	Less than a year
Wisefund Finance Corp.	Independent Director	Less than a year
Cycle Financing Corp.	Independent Director	Less than a year
Surecycle Financing Corp.	Independent Director	Less than a year
Cepat Kredit Financing, Inc.	Independent Director	Less than a year
MPIC Beneficial Trust Fund	Independent Trustee	1 year
Vivant Corporation (PLC)	Independent Director	2 years
Asialink Finance Corporation	Independent Director	2 years
Global Dominion Financing Incorporated	Independent Director	2 years
South Asialink Finance Corporation	Independent Director	2 years
MarCoPay Inc.	Independent Director	3 years
MCP Finance, Inc.	Independent Director	3 years
MCP Insurance Management and Agency, Inc.	Independent Director	3 years
Transnational Diversified Group, Inc.	Independent Director	3 years
Federal Land, Inc.	Independent Director	3 years
Solar Philippines Power Project Holdings, Inc.	Independent Director	3 years
Makati Business Club	Member	6 years
Association of CPAs in Public Practice	Member	13 years
Management Association of the Philippines	Member	23 years
Philippine Institute of Certified Public Accountants	Member	41 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the SM Prime Holdings, Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not Applicable		


5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SM Prime Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this FEB 19 2024 day of PASAY CITY.


I. CARLITOS G. CRUZ
 Affiant

SUBSCRIBED AND SWORN to before me this FEB 19 2024 day of PASAY CITY,
 affiant personally appeared before me and exhibited to me his Passport No. [REDACTED] valid until [REDACTED]
[REDACTED]

Doc. No. 214;
 Page No. 44;
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 Series of 2024;


ATTY. RONHEL VINN A. PAPA
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SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
December 31, 2023

Consolidated Financial Statements

- A. Statement of Management's Responsibility for Financial Statements
- B. Independent Auditor's Report
- C. Consolidated Balance Sheets as of December 31, 2023 and 2022
- D. Consolidated Statements of Income
For the Years ended December 31, 2023, 2022 and 2021
- E. Consolidated Statements of Comprehensive Income
For the Years ended December 31, 2023, 2022 and 2021
- F. Consolidated Statements of Changes in Equity
For the Years ended December 31, 2023, 2022 and 2021
- G. Consolidated Statements of Cash Flows
For the Years ended December 31, 2023, 2022 and 2021
- H. Notes to Audited Consolidated Financial Statements

Supplementary Schedules

- Independent Auditor's Report on Supplementary Schedules
- Reconciliation of Retained Earnings Available for Dividend Declarations
- Supplementary Schedules required by Revised SRC Rule 68, Part II Annex 68-J
- Map of Relationship of the Companies within the Group
- Independent Auditor's Report on Components of Financial Soundness Indicators
- Financial Ratios and Key Performance Indicators
- Recently Issued Securities



Statement of Management's Responsibility for Financial Statements

The management of SM Prime Holdings, Inc. and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

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

A handwritten signature in black ink, appearing to be 'Henry T. Sy, Jr.', written over a horizontal line.

Henry T. Sy, Jr.
Chairman

A handwritten signature in black ink, appearing to be 'Jeffrey C. Lim', written over a horizontal line.

Jeffrey C. Lim
President

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

John Nai Peng C. Ong
Chief Finance Officer

Signed this 19th of February, 2024

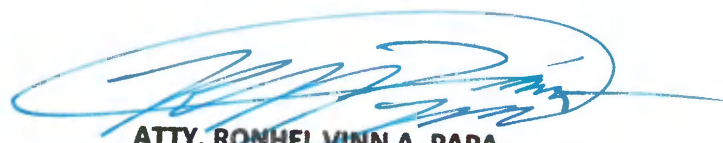
SM PRIME

MOA Square, Seashell Lane cor. Coral Way,
Mall of Asia Complex, Pasay City 1300, Philippines

SUBSCRIBED AND SWORN to before me this FEB 26 2024 at PASAY CITY,
affiants exhibiting to me their Philippine passports, as follows:

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

Doc. No. 246 ;
Page No. 51 ;
Book No. III ;
Series of 2024



ATTY. RONHEL VINN A. PAPA

Notary Public for Pasay City

Until December 31, 2024

IBP OR No. 324349/ 04-Dec-2023 / Roll No. 73157

PTR OR No. 8457592 1/04/24 / TIN# 743-448-049

MCLE Compliance No. VII-0025922 valid until 14 April 2025

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

S	M		P	R	I	M	E		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D		S	U
B	S	I	D	I	A	R	I	E	S																				

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

7	/	F		M	O	A		S	q	u	a	r	e	,		S	e	a	s	h	e	l		L	a	n	e		
c	o	r	.		C	o	r	a	l		W	a	y	,		M	a	l	l		o	f		A	s	i	a		C
o	m	p	l	e	x	,		B	r	g	y	.		7	6		Z	o	n	e		1	0	,		C	B	P	
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P	h	i	l	i	p	p	i	n	e	s																			

Form Type

C	F	S		
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

Company's Telephone Number

8831-1000

Mobile Number

No. of Stockholders

2,330

Annual Meeting (Month / Day)

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

John Nai Peng C. Ong

Email Address

john.ong@smprime.com

Telephone Number/s

8831-1000

Mobile Number

CONTACT PERSON'S ADDRESS

**7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10,
CBP 1-A, 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.



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of SM Prime Holdings, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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



Real Estate Revenue and Cost Recognition

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

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

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

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

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

The Company identifies sales commissions after contract inception as cost of obtaining a contract. For contracts which qualified for revenue recognition, the Company capitalizes the total sales commissions due to sales agent as cost to obtain a contract and recognizes the related commissions payable. The Company uses percentage of completion (POC) method in amortizing sales commissions consistent with the Company's revenue recognition policy.

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

Audit Response

We obtained an understanding of the Company's real estate revenue and cost recognition process.

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



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

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

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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



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

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

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

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

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

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

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

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



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

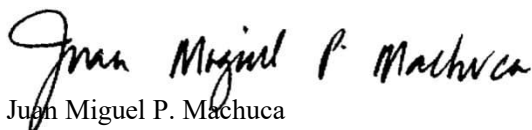
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-140-2021, April 27, 2021, valid until April 26, 2024

PTR No. 10079963, January 6, 2024, Makati City

February 19, 2024



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

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19, 26 and 27)	₱31,816,802	₱42,060,082
Receivables and contract assets (Notes 7, 14, 19, 26 and 27)	76,952,202	82,560,354
Real estate inventories (Note 8)	77,886,781	70,500,025
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 9, 26 and 27)	747,840	534,865
Derivative assets (Notes 26 and 27)	2,247,073	585,576
Prepaid expenses and other current assets (Note 10)	27,804,930	25,767,334
Total Current Assets	217,455,628	222,008,236
Noncurrent Assets		
Equity instruments at FVOCI - net of current portion (Notes 9, 19, 26 and 27)	19,570,212	17,077,198
Investment properties (Notes 12, 17, 25 and 27)	545,074,746	489,266,042
Investments in associates and joint ventures (Note 13)	32,431,195	30,578,320
Property and equipment (Notes 11 and 25)	1,554,990	1,399,840
Deferred tax assets - net (Note 24)	1,492,359	931,366
Derivative assets - net of current portion (Notes 26 and 27)	3,276,971	6,752,744
Other noncurrent assets (Notes 7, 14, 19, 23, 26 and 27)	122,471,474	106,200,906
Total Noncurrent Assets	725,871,947	652,206,416
	₱943,327,575	₱874,214,652
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 15, 26 and 27)	₱4,288,964	₱5,422,524
Accounts payable and other current liabilities (Notes 16, 19, 26 and 27)	99,077,428	88,122,597
Current portion of long-term debt (Notes 17, 19, 26 and 27)	67,746,351	50,839,776
Derivative liabilities (Notes 26 and 27)	7,423	19,496
Income tax payable	1,295,842	765,909
Total Current Liabilities	172,416,008	145,170,302
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17, 19, 26 and 27)	294,622,256	296,134,836
Tenants' and customers' deposits - net of current portion (Notes 16, 25, 26 and 27)	25,301,504	23,799,162
Liability for purchased land - net of current portion (Notes 16, 26 and 27)	539,959	1,129,719
Deferred tax liabilities - net (Note 24)	12,458,096	11,140,040
Derivative liabilities - net of current portion (Notes 26 and 27)	265,013	294,403
Other noncurrent liabilities (Notes 16, 23, 26 and 27)	38,837,703	31,394,584
Total Noncurrent Liabilities	372,024,531	363,892,744
Total Liabilities	544,440,539	509,063,046



	December 31	
	2023	2022
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 18 and 28)	₱33,166,300	₱33,166,300
Additional paid-in capital - net (Notes 5 and 18)	38,159,900	38,124,193
Cumulative translation adjustment	2,556,139	3,435,171
Net fair value changes of equity instruments at FVOCI (Note 9)	16,938,503	14,232,514
Net fair value changes on cash flow hedges (Note 27)	1,079,094	2,984,605
Remeasurement loss on defined benefit obligation (Note 23)	(1,062,437)	(928,882)
Retained earnings (Note 18):		
Appropriated	42,200,000	42,200,000
Unappropriated	266,143,815	232,972,284
Treasury stock (Notes 18 and 28)	(2,984,695)	(2,984,695)
Total Equity Attributable to Equity Holders of the Parent	396,196,619	363,201,490
Non-controlling Interests	2,690,417	1,950,116
Total Equity	398,887,036	365,151,606
	₱943,327,575	₱874,214,652

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Rent (Notes 12, 19 and 25)	₱72,113,957	₱58,243,913	₱34,694,185
Real estate sales	42,040,409	39,046,514	45,116,120
Others (Notes 19 and 20)	13,943,175	8,495,208	2,505,179
	128,097,541	105,785,635	82,315,484
COSTS AND EXPENSES (Notes 19, 21 and 23)	66,818,300	56,542,322	49,900,933
INCOME FROM OPERATIONS	61,279,241	49,243,313	32,414,551
OTHER INCOME (CHARGES)			
Interest expense (Notes 7, 15, 17, 19, 22, 26 and 27)	(13,963,271)	(11,465,787)	(9,357,616)
Interest and dividend income (Notes 6, 7, 9, 14, 19 and 22)	2,185,156	1,775,740	1,025,066
Others - net (Notes 12, 13, 16, 17 and 27)	338,693	(839,262)	3,651,524
	(11,439,422)	(10,529,309)	(4,681,026)
INCOME BEFORE INCOME TAX	49,839,819	38,714,004	27,733,525
PROVISION FOR INCOME TAX (Note 24)			
Current	8,211,259	6,783,913	2,816,720
Deferred	764,715	1,186,962	3,005,402
	8,975,974	7,970,875	5,822,122
NET INCOME	₱40,863,845	₱30,743,129	₱21,911,403
Attributable to:			
Equity holders of the Parent (Notes 18 and 28)	₱40,010,501	₱30,099,799	₱21,786,516
Non-controlling interests (Note 18)	853,344	643,330	124,887
	₱40,863,845	₱30,743,129	₱21,911,403
Basic/Diluted earnings per share (Note 28)	₱1.387	₱1.043	₱0.755
Dividend per share (Note 18)	₱0.237	₱0.097	₱0.082

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2023	2022	2021
NET INCOME	₱40,863,845	₱30,743,129	₱21,911,403
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) due to changes in fair value of financial assets at fair value through other comprehensive income (Note 9)	2,705,989	(475,854)	1,247,699
Remeasurement gain (loss) on defined benefit obligation (Note 23)	(134,611)	(383,448)	38,020
	2,571,378	(859,302)	1,285,719
Items that may be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment	(879,032)	351,987	1,558,745
Net fair value changes on cash flow hedges (Note 27)	(1,905,511)	3,417,488	1,336,147
	(213,165)	2,910,173	4,180,611
TOTAL COMPREHENSIVE INCOME	₱40,650,680	₱33,653,302	₱26,092,014
Attributable to:			
Equity holders of the Parent (Note 18)	₱39,798,392	₱33,013,181	₱25,968,260
Non-controlling interests	852,288	640,121	123,754
	₱40,650,680	₱33,653,302	₱26,092,014

See accompanying Notes to Consolidated Financial Statements.



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Notes 18 and 28)	Additional Paid-in Capital - Net (Notes 5 and 18)	Cumulative Translation Adjustment	Net fair value changes of equity instruments at fair value through other comprehensive income (FVOCI) (Note 9)	Net Fair Value Changes on Cash Flow Hedges (Note 27)	Remeasurement Loss on Defined Benefit Obligation (Note 23)	Retained Earnings (Note 18)		Treasury Stock (Notes 18 and 28)	Non-controlling Interests (Note 18)	Total Equity	
							Appropriated	Unappropriated				
												Total
At January 1, 2023	₱33,166,300	₱38,124,193	₱3,435,171	₱14,232,514	₱2,984,605	(₱928,882)	₱42,200,000	₱232,972,284	(₱2,984,695)	₱363,201,490	₱1,950,116	₱365,151,606
Net income for the year	—	—	—	—	—	—	—	40,010,501	—	40,010,501	853,344	40,863,845
Other comprehensive income (loss)	—	—	(879,032)	2,705,989	(1,905,511)	(133,555)	—	—	—	(212,109)	(1,056)	(213,165)
Total comprehensive income (loss) for the year	—	—	(879,032)	2,705,989	(1,905,511)	(133,555)	—	40,010,501	—	39,798,392	852,288	40,650,680
Cash dividends (Note 18)	—	—	—	—	—	—	—	(6,844,378)	—	(6,844,378)	—	(6,844,378)
Cash dividends received by a subsidiary (Note 18)	—	—	—	—	—	—	—	5,408	—	5,408	—	5,408
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	(324,450)	(324,450)
Additional investment of non-controlling interest (Note 2)	—	—	—	—	—	—	—	—	—	—	201,000	201,000
Sale of non-controlling interest (Note 2)	—	35,707	—	—	—	—	—	—	—	35,707	11,463	47,170
At December 31, 2023	₱33,166,300	₱38,159,900	₱2,556,139	₱16,938,503	₱1,079,094	(₱1,062,437)	₱42,200,000	₱266,143,815	(₱2,984,695)	₱396,196,619	₱2,690,417	₱398,887,036
At January 1, 2022, as previously presented	₱33,166,300	₱38,056,016	₱3,083,184	₱14,708,368	(₱432,883)	(₱548,643)	₱42,200,000	₱205,671,557	(₱2,984,695)	₱332,919,204	₱1,441,569	₱334,360,773
Effect of common control business combination (Note 5)	—	44,330	—	—	—	—	—	—	—	44,330	3,277	47,607
At January 1, 2022, as adjusted	33,166,300	38,100,346	3,083,184	14,708,368	(432,883)	(548,643)	42,200,000	205,671,557	(2,984,695)	332,963,534	1,444,846	334,408,380
Net income for the year	—	—	—	—	—	—	—	30,099,799	—	30,099,799	643,330	30,743,129
Other comprehensive income (loss)	—	—	351,987	(475,854)	3,417,488	(380,239)	—	—	—	2,913,382	(3,209)	2,910,173
Total comprehensive income (loss) for the year	—	—	351,987	(475,854)	3,417,488	(380,239)	—	30,099,799	—	33,013,181	640,121	33,653,302
Cash dividends (Note 18)	—	—	—	—	—	—	—	(2,801,286)	—	(2,801,286)	—	(2,801,286)
Cash dividends received by a subsidiary (Note 18)	—	—	—	—	—	—	—	2,214	—	2,214	—	2,214
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	(144,050)	(144,050)
Sale of non-controlling interest (Note 2)	—	23,847	—	—	—	—	—	—	—	23,847	9,199	33,046
At December 31, 2022	₱33,166,300	₱38,124,193	₱3,435,171	₱14,232,514	₱2,984,605	(₱928,882)	₱42,200,000	₱232,972,284	(₱2,984,695)	₱363,201,490	₱1,950,116	₱365,151,606



	Equity Attributable to Equity Holders of the Parent										Non-controlling Interests (Note 18)	Total Equity
	Capital Stock (Notes 18 and 28)	Additional Paid-in Capital - Net (Notes 5 and 18)	Cumulative Translation Adjustment	Net fair value changes of equity instruments at FVOCI (Note 9)	Net Fair Value Changes on Cash Flow Hedges (Note 27)	Remeasurement Gain (Loss) on Defined Benefit Obligation (Note 23)	Retained Earnings (Note 18)		Treasury Stock (Notes 18 and 28)	Total		
							Appropriated	Unappropriated				
At January 1, 2021	₱33,166,300	₱38,022,913	₱1,524,439	₱13,460,669	(₱1,769,030)	(₱587,796)	₱42,200,000	₱186,251,267	(₱2,984,695)	₱309,284,067	₱1,433,561	₱310,717,628
Net income for the year	—	—	—	—	—	—	—	21,786,516	—	21,786,516	124,887	21,911,403
Other comprehensive income (loss)	—	—	1,558,745	1,247,699	1,336,147	39,153	—	—	—	4,181,744	(1,133)	4,180,611
Total comprehensive income for the year	—	—	1,558,745	1,247,699	1,336,147	39,153	—	21,786,516	—	25,968,260	123,754	26,092,014
Cash dividends (Note 18)	—	—	—	—	—	—	—	(2,368,097)	—	(2,368,097)	—	(2,368,097)
Cash dividends received by a subsidiary	—	—	—	—	—	—	—	1,871	—	1,871	—	1,871
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	(129,050)	(129,050)
Sale of non-controlling interest (Note 2)	—	33,103	—	—	—	—	—	—	—	33,103	13,304	46,407
At December 31, 2021	₱33,166,300	₱38,056,016	₱3,083,184	₱14,708,368	(₱432,883)	(₱548,643)	₱42,200,000	₱205,671,557	(₱2,984,695)	₱332,919,204	₱1,441,569	₱334,360,773

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱49,839,819	₱38,714,004	₱27,733,525
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 21 and 25)	13,656,773	12,487,763	10,816,869
Interest expense (Notes 7, 15, 17, 19 and 22)	13,963,271	11,465,787	9,357,616
Interest and dividend income (Notes 6, 7, 9, 14, 19 and 22)	(2,185,156)	(1,775,740)	(1,025,066)
Equity in net earnings of associates and joint ventures (Note 13)	(2,162,611)	(1,720,116)	(1,187,419)
Loss (gain) on:			
Disposal of property and equipment and investment properties (Notes 11 and 12)	148,140	105,701	(551,974)
Unrealized foreign exchange and fair value changes on derivatives - net	76,370	826,854	(623,782)
Operating income before working capital changes	73,336,606	60,104,253	44,519,769
Increase in:			
Receivables and contract assets	(16,337,056)	(8,760,236)	(16,304,309)
Real estate inventories	(5,437,721)	(12,462,748)	(4,696,521)
Prepaid expenses and other current assets	(2,068,144)	(762,618)	(1,639,817)
Increase (decrease) in:			
Accounts payable and other liabilities	18,539,236	1,070,155	12,048,707
Tenants' and customers' deposits	1,573,478	2,328,183	(28,558)
Cash generated from operations	69,606,399	41,516,989	33,899,271
Income tax paid	(7,665,012)	(6,583,777)	(3,232,110)
Net cash provided by operating activities	61,941,387	34,933,212	30,667,161
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,922,233	1,197,311	648,143
Dividends received	724,446	596,672	292,898
Proceeds from disposal of property and equipment and investment properties (Notes 11 and 12)	90,067	85,767	453,298
Additions to:			
Investment properties (Note 12)	(63,772,055)	(38,766,369)	(39,294,964)
Property and equipment (Note 11)	(341,106)	(198,012)	(168,077)
Increase in other noncurrent assets	(5,338,058)	(15,159,670)	(6,044,976)
Net cash used in investing activities	(66,714,473)	(52,244,301)	(44,113,678)

(Forward)



	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of bank loans and long-term debt (Notes 15 and 17)	₱111,562,913	₱94,325,945	₱86,849,381
Payments of:			
Long-term debt (Note 17)	(66,701,374)	(43,863,022)	(35,336,466)
Bank loans (Note 15)	(29,563,823)	(19,994,859)	(15,959,528)
Interest	(13,782,271)	(11,029,498)	(9,837,833)
Dividends (Note 18)	(7,163,420)	(2,943,122)	(2,675,277)
Lease liabilities (Notes 16 and 25)	(160,058)	(84,292)	(47,933)
Proceeds from (payments of) matured derivatives - net	294,800	3,274,591	(368,799)
Net cash provided by (used in) financing activities	(5,513,233)	19,685,743	22,623,545
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	43,039	(90,424)	(62,790)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,243,280)	2,284,230	9,114,238
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	42,060,082	39,775,852	30,661,614
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱31,816,802	₱42,060,082	₱39,775,852

See accompanying Notes to Consolidated Financial Statements.



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

The accompanying consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on February 19, 2024.

2. Basis of Preparation

The accompanying consolidated financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional and presentation currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest thousand peso, except when otherwise indicated.

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



Statement of Compliance

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

Basis of Consolidation

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

Company	Country of Incorporation	Percentage of Ownership	
		2023	2022
<i>Mall</i>			
A. Canicosa Holdings, Inc.	Philippines	100.0	100.0
AD Canicosa Properties, Inc.	- do -	100.0	100.0
Associated Development Corporation	- do -	100.0	100.0
Britannia Trading Corp. and Subsidiaries (BTC)	- do -	100.0	100.0
CHAS Realty and Development Corporation and Subsidiaries	- do -	100.0	100.0
Cherry Realty Development Corporation	- do -	100.0	100.0
Consolidated Prime Dev. Corp.	- do -	100.0	100.0
Magenta Legacy, Inc.	- do -	100.0	100.0
Premier Central, Inc. and Subsidiary	- do -	100.0	100.0
Premier Southern Corp.	- do -	100.0	100.0
Prime Metroestate, Inc. and Subsidiary	- do -	100.0	100.0
Prime Commercial Property Management Corp. and Subsidiaries	- do -	100.0	100.0
Rushmore Holdings, Inc.	- do -	100.0	100.0
San Lazaro Holdings Corporation	- do -	100.0	100.0
Simply Prestige Limited and Subsidiaries	- do -	100.0	100.0
SM Arena Complex Corporation	- do -	100.0	100.0
SM Land (China) Limited and Subsidiaries	Hong Kong	100.0	100.0
Southernpoint Properties Corp.	Philippines	100.0	100.0
Springfield Global Enterprises Limited	- do -	100.0	100.0
Supermalls Transport Services, Inc.	- do -	100.0	100.0
First Asia Realty Development Corporation	- do -	74.2	74.2
Mindpro, Incorporated*	- do -	70.0	70.0
First Leisure Ventures Group Inc. (FLVGI)	- do -	50.0	50.0
<i>Residential</i>			
SM Development Corporation and Subsidiaries (SMDC)	- do -	100.0	100.0
Costa del Hamilo, Inc. and Subsidiary	- do -	100.0	100.0
Highlands Prime Inc. and Subsidiary	- do -	100.0	100.0
<i>Commercial</i>			
MOA Esplanade Port, Inc.	- do -	100.0	100.0
Premier Clark Complex, Inc.	- do -	100.0	100.0
SM Smart City Infrastructure and Development Corporation	- do -	100.0	100.0
Tagaytay Resort Development Corporation	- do -	100.0	100.0
<i>Hotels and Convention Centers</i>			
SM Hotels and Conventions Corp. and Subsidiaries	- do -	100.0	100.0

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

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



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

Material Accounting Judgments, Estimates and Assumptions

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

Judgments

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

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

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

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

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

Determining Transaction Price of Sale of Real Estate. The Company determines whether a contract contains a significant financing component using portfolio approach by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods



or services and the prevailing effective interest rate (EIR). The Company applied practical expedient by not adjusting the effect of financing component when the period when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Company determined that its transaction price on sale of real estate recognized over time do not include a significant financing component.

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

Lease Modification - as Lessor. Throughout the government-imposed community quarantine, the Company waived rentals and other charges amounting to nil, ₱6,247 million and ₱20,781 million for the years ended December 31, 2023, 2022 and 2021, respectively. Such waivers are not accounted as a lease modification under PFRS 16 since COVID-19 is a force majeure under the general law.

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

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

Estimates and Assumptions

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

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

Revenue from sale of real estate amounted to ₱42,040 million, ₱39,047 million and ₱45,116 million for the years ended December 31, 2023, 2022, and 2021, respectively, while the cost of real estate sold amounted to ₱16,661 million, ₱16,899 million and ₱18,687 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 21).

Provision for Expected Credit Losses (ECL) of Receivables and Contract Assets (or referred also in the consolidated financial statements as "Unbilled revenue from sale of real estate"). The Company maintains an allowance for ECL at a level considered adequate to provide for potential uncollectible receivables. The Company uses a provision matrix for rent and other receivables and vintage



approach for receivable from sale of real estate (billed and unbilled) to calculate ECLs. The Company performs a regular review of the age and status of these accounts, designed to identify accounts for impairment. The assessment of the correlation between historical observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The allowance for ECLs amounted to ₱777 million and ₱721 million as at December 31, 2023 and 2022, respectively (see Note 7).

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

The carrying values of real estate inventories amounted to ₱77,887 million and ₱70,500 million as at December 31, 2023 and 2022, respectively (see Note 8).

Estimated Useful Lives of Property and Equipment and Investment Properties (except for Right-of-use Asset (ROUA)). The useful life of each of the Company's property and equipment and investment properties, excluding ROUA, is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment and investment properties, excluding ROUA, would increase the recorded costs and expenses and decrease noncurrent assets.

The aggregate carrying values of property and equipment and investment properties, excluding ROUA, amounted to ₱516,479 million and ₱465,030 million as at December 31, 2023 and 2022, respectively (see Notes 11 and 12).

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

Deferred tax assets recognized in the consolidated balance sheets amounted to ₱5,329 million and ₱3,864 million as at December 31, 2023 and 2022, respectively (see Note 24). Unrecognized deferred tax assets pertain to NOLCO, amounted to ₱205 million and ₱133 million as at December 31, 2023 and 2022, respectively.

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



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

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

Estimating Incremental Borrowing Rate (IBR) for Leases. The Company uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain the asset of similar value in a similar economic environment. The Company estimates the IBR using the available market interest rates adjusted with the Company's credit rating.

3. Summary of Material Accounting Policy Information

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2023. Adoption of these pronouncements did not have any material impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to Philippine Accounting Standards (PAS) 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development, including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023. The Company is yet to apply the temporary exception because the Company's entities are operating in jurisdictions which Pillar Two legislation has not yet been enacted or substantially enacted.



- Amendments to PAS 8, *Definition of Accounting Estimates*, introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*, provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
 - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies; and
 - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance. The amendments have had an impact on the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company’s financial statements

Future Changes in Accounting Policies and Disclosures

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

Effective beginning on or after January 1, 2024

- 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

The amendments must be applied retrospectively.

- 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.

The amendments must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.



- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

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

Determination of Fair Value

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

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

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

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

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

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

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



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

Financial Instruments - Initial Recognition and Subsequent Measurement

Financial Assets

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

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

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

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

As at December 31, 2023 and 2022, the Company has no debt instruments classified as financial assets at FVOCI.

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

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

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

The Company's financial assets at amortized cost includes cash and cash equivalents, receivables and escrow and time deposits (included under "Other noncurrent assets" account). Other than those financial assets at amortized cost whose carrying values are reasonable approximation of fair values, the aggregate carrying values of financial assets under this category amounted to ₱3,656 million and ₱5,105 million as at December 31, 2023 and 2022, respectively (see Note 27).



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

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

This category includes derivative instruments. The carrying values of financial assets classified under this category amounted to ₱5,524 million and ₱7,338 million as at December 31, 2023 and 2022, respectively (see Note 27).

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

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

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

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

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

Classified under this category are the investments in shares of stocks of certain companies. The carrying values of financial assets classified under this category amounted to ₱20,318 million and ₱17,612 million as at December 31, 2023 and 2022, respectively (see Note 27).



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

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

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

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

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

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



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

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

Financial Liabilities

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

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

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

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including any separated derivatives, are also classified under liabilities at FVTPL, unless these are designated as hedging instruments in an effective hedge or financial guarantee contracts. Gains or losses on liabilities held for trading are recognized in the consolidated statement of income under “Others - net” account. Classified as financial liabilities at FVTPL are the Company’s derivative liabilities amounting to ₱272 million and ₱314 million as at December 31, 2023 and 2022, respectively (see Note 27).

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

Classified under this category are loans payable, accounts payable and other current liabilities, long-term debt, tenants’ deposits, liability for purchased land and other noncurrent liabilities (except for taxes payables and other payables covered by other accounting standards). Other than those other financial liabilities whose carrying values are reasonable approximation of fair values, the aggregate carrying values of financial liabilities under this category amounted to ₱330,771 million and ₱327,175 million as at December 31, 2023 and 2022, respectively (see Note 27).

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially



modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Debt Issue Costs

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

Derivative Financial Instruments

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

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

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

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

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

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

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



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

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

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

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

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

Real Estate Inventories

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

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

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

Prepaid Expenses and Other Current Assets

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



Common Control Business Combinations

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

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

Property and Equipment

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

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

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

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

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



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

Investment Properties

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

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

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

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

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

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

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

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



Investments in Associates and Joint Ventures

The Company's investments in shares of stocks of associates and joint ventures are accounted for under the equity method of accounting. The consolidated statements of income reflect the share in the result of operations of the associate or joint venture under "Others-net" account. On acquisition of the investment, any difference between the cost of the investment and the investor's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for as follows:

- Goodwill relating to an associate or joint venture is included in the carrying amount of the investment. However, amortization of that goodwill is not permitted and is therefore not included in the determination of the Company's share in the associate's or joint venture's profits or losses.
- Any excess of the Company's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share in the associate's or joint venture's profit or loss in the period in which the investment is acquired.

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

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

Other Noncurrent Assets

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

Impairment of Nonfinancial Assets

The carrying values of investments in associates and joint ventures, property and equipment, investment properties and other noncurrent assets (excluding escrow and time deposits) are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.



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

Customers' Deposits

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

Capital Stock and Additional Paid-in Capital

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

Retained Earnings

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

Treasury Stock

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

Dividends

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

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in majority of its revenue arrangements. The disclosures of material accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2. The following specific recognition criteria, other than those disclosed in Note 2 to the consolidated financial statements, must also be met before revenue is recognized:

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



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

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

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

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

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

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

In measuring the progress of its performance obligation over time, the Company uses output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date/milestones reached/time elapsed. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers which integrates the surveys of performance to date of the construction activities.

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

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

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

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under a financing scheme entered with the customer. The financing scheme would include payment of certain percentage of the contract price spread over a certain period (e.g. one to five years) at a



fixed monthly payment with the remaining balance payable in full at the end of the period either through cash or external financing. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction.

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

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

Contract Balances

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

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

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

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

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

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



The Company's contract fulfillment assets mainly pertain to land acquisition costs (included under real estate inventories).

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

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

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

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

Pension Benefits

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

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

Defined benefit pension costs comprise the following:

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

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

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



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

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

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

Foreign Currency-denominated Transactions

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

Foreign Currency Translation

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

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

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

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the



definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

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

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

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

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

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

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

Provisions

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

Borrowing Costs

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



Borrowing costs are capitalized when it is probable that they will result in future economic benefits to the Company.

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

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

Taxes

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

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

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

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and



- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

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

Business Segments

The Company is organized and managed separately according to the nature of business. The four operating business segments are mall, residential, commercial and hotels and convention centers. These operating businesses are the basis upon which the Company reports its segment information presented in Note 4 to the consolidated financial statements.

Basic/Diluted Earnings Per Common Share (EPS)

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

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



Contingencies

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

Events after the Reporting Period

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

4. Segment Information

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

Mall segment develops, conducts, operates and maintains the business of modern commercial shopping centers and all businesses related thereto such as the conduct, operation and maintenance of shopping center spaces for rent, amusement centers, or cinema theaters within the compound of the shopping centers.

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

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

Management, through the Executive Committee, monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

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

Inter-segment Transactions

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



Business Segment Data

2023						
	Mall	Residential	Commercial	Hotels and Convention Centers	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	₱71,946,036	₱43,100,208	₱6,781,687	₱6,269,610	₱-	₱128,097,541
Inter-segment	176,623	-	115,067	18,108	(309,798)	-
	₱72,122,659	₱43,100,208	₱6,896,754	₱6,287,718	(₱309,798)	₱128,097,541
Segment results:						
Income before income tax	₱30,123,686	₱13,980,341	₱4,440,189	₱1,510,564	(₱214,961)	₱49,839,819
Provision for income tax	(5,690,732)	(2,292,182)	(715,095)	(277,965)	-	(8,975,974)
Net income	₱24,432,954	₱11,688,159	₱3,725,094	₱1,232,599	(₱214,961)	₱40,863,845
Net income attributable to:						
Equity holders of the Parent	₱23,593,802	₱11,673,967	₱3,725,094	₱1,232,599	(₱214,961)	₱40,010,501
Non-controlling interests	839,152	14,192	-	-	-	853,344
Segment assets	₱473,704,969	₱344,557,303	₱109,171,158	₱17,711,201	(₱1,817,056)	₱943,327,575
Segment liabilities	₱323,926,223	₱195,426,558	₱25,596,386	₱1,308,428	(₱1,817,056)	₱544,440,539
Other information:						
Capital expenditures	₱37,253,756	₱25,436,310	₱23,733,455	₱1,752,397	₱-	₱88,175,918
Depreciation and amortization	11,371,327	131,347	1,536,430	617,669	-	13,656,773
2022						
	Mall	Residential	Commercial	Hotels and Convention Centers	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	₱55,379,678	₱40,077,157	₱5,996,483	₱4,332,317	₱-	₱105,785,635
Inter-segment	160,890	5,417	126,801	11,631	(304,739)	-
	₱55,540,568	₱40,082,574	₱6,123,284	₱4,343,948	(₱304,739)	₱105,785,635
Segment results:						
Income before income tax	₱24,291,544	₱10,905,230	₱3,969,174	₱402,171	(₱854,115)	₱38,714,004
Provision for income tax	(4,857,306)	(2,000,690)	(1,013,584)	(99,295)	-	(7,970,875)
Net income	₱19,434,238	₱8,904,540	₱2,955,590	₱302,876	(₱854,115)	₱30,743,129
Net income attributable to:						
Equity holders of the Parent	₱18,800,574	₱8,894,874	₱2,955,590	₱302,876	(₱854,115)	₱30,099,799
Non-controlling interests	633,664	9,666	-	-	-	643,330
Segment assets	₱461,547,075	₱317,089,509	₱81,047,183	₱16,296,204	(₱1,765,319)	₱874,214,652
Segment liabilities	₱320,311,592	₱180,624,978	₱8,524,126	₱1,367,669	(₱1,765,319)	₱509,063,046
Other information:						
Capital expenditures	₱25,786,080	₱36,345,071	₱12,194,451	₱1,093,268	₱-	₱75,418,870
Depreciation and amortization	10,373,095	138,188	1,347,108	629,371	-	12,487,762
2021						
	Mall	Residential	Commercial	Hotels and Convention Centers	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	₱29,919,619	₱45,895,228	₱4,920,521	₱1,580,116	₱-	₱82,315,484
Inter-segment	159,270	1,799	89,389	7,364	(257,822)	-
	₱30,078,889	₱45,897,027	₱5,009,910	₱1,587,480	(₱257,822)	₱82,315,484
Segment results:						
Income (loss) before income tax	₱6,649,817	₱19,175,121	₱3,244,353	(₱924,580)	(₱411,186)	₱27,733,525
Provision for income tax	(1,122,152)	(3,948,973)	(750,997)	-	-	(5,822,122)
Net income (loss)	₱5,527,665	₱15,226,148	₱2,493,356	(₱924,580)	(₱411,186)	₱21,911,403



	2021					
	Mall	Residential	Commercial	Hotels and Convention Centers	Eliminations	Consolidated Balances
Net income (loss) attributable to:						
Equity holders of the Parent	₱5,406,970	₱15,221,956	₱2,493,356	(₱924,580)	(₱411,186)	₱21,786,516
Non-controlling interests	120,695	4,192	—	—	—	124,887
Segment assets	₱429,925,281	₱291,750,749	₱69,761,727	₱14,930,876	(₱1,965,353)	₱804,403,280
Segment liabilities	₱297,139,809	₱166,632,085	₱7,395,124	₱840,842	(₱1,965,353)	₱470,042,507
Other information:						
Capital expenditures	₱26,005,686	₱33,710,404	₱3,659,529	₱1,542,416	₱—	₱64,918,035
Depreciation and amortization	9,006,617	120,416	1,046,814	643,022	—	10,816,869

For the years ended December 31, 2023, 2022 and 2021, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers. The main revenues of the Company are substantially earned from the Philippines.

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

Seasonality

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

5. Business Combination

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

6. Cash and Cash Equivalents

This account consists of:

	2023	2022
	<i>(In Thousands)</i>	
Cash on hand and in banks (see Note 19)	₱10,239,900	₱8,595,584
Temporary investments (see Note 19)	21,576,902	33,464,498
	₱31,816,802	₱42,060,082

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



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

Interest income earned from cash in banks and temporary investments amounted to ₱1,450 million, ₱1,070 million and ₱627 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 22).

7. Receivables and Contract Assets

This account consists of:

	2023	2022
	<i>(In Thousands)</i>	
Trade (billed and unbilled):		
Sale of real estate*	₱132,177,723	₱114,005,269
Rent:		
Third parties	9,352,668	10,217,117
Related parties (see Note 19)	3,471,144	3,427,264
Accrued interest (see Note 19)	265,371	442,377
Nontrade and others (see Note 19)	3,062,977	4,119,332
	148,329,883	132,211,359
Less allowance for ECLs	777,378	721,482
	147,552,505	131,489,877
Less noncurrent portion of trade receivables from sale of real estate (see Note 14)	70,600,303	48,929,523
	₱76,952,202	₱82,560,354

*Includes unbilled revenue from sale of real estate amounting to ₱114,898 million and ₱100,157 million as at December 31, 2023 and 2022, respectively.

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

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

The Company assigned billed and unbilled receivables from sale of real estate on a without recourse basis to local banks amounting to ₱4,131 million and nil for the years ended December 31, 2023 and 2022, respectively (see Note 19).

The Company also has assigned billed and unbilled receivables from real estate on a with recourse basis to local banks with outstanding balance of ₱217 million and ₱1,182 million as at December 31, 2023 and 2022, respectively. The related liability from assigned receivables, which is of equal amount with the assigned receivables, bear interest rates of 5.00% to 6.50% in 2023 and 3.75% to 5.00% in 2022. The fair value of the assigned receivables and liability from assigned receivables approximates their costs.

The total cost of related financing recorded under interest expense amounted to ₱717 million and ₱18 million and ₱33 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 22).



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

Interest income earned from receivables totaled ₱232 million, ₱149 million and ₱86 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 22).

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

There is no allowance for ECLs on unbilled revenue from sale of real estate as of December 31, 2023 and 2022. The movements in the allowance for ECLs related to receivables from rent are as follows:

	2023	2022
	<i>(In Thousands)</i>	
At beginning of year	₱721,482	₱723,319
Provisions (reversals) - net (see Note 21)	55,896	(1,837)
At end of year	₱777,378	₱721,482

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

	2023	2022
	<i>(In Thousands)</i>	
Neither past due nor impaired	₱128,027,966	₱115,020,835
Past due:		
Less than 30 days	4,805,072	4,906,282
31–90 days	6,044,097	3,211,588
91–120 days	2,142,720	2,411,591
Over 120 days	6,532,650	5,939,581
Impaired	777,378	721,482
	₱148,329,883	₱132,211,359

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

The transaction price allocated to the remaining performance obligations totaling ₱38,087 million and ₱25,392 million as at December 31, 2023 and 2022, respectively are expected to be recognized over the construction period ranging from one to five years.



8. Real Estate Inventories

The movements in this account are as follows:

	Land and Development	Condominium, Residential Units and Subdivision Lots for Sale	Total
	<i>(In Thousands)</i>		
Balance as at December 31, 2021	₱37,229,526	₱19,345,521	₱56,575,047
Development cost incurred	27,956,439	—	27,956,439
Cost of real estate sold (see Note 21)	(11,153,550)	(5,745,018)	(16,898,568)
Transfers	(12,643,521)	12,643,521	—
Reclassifications from investment properties (see Note 12)	2,204,897	—	2,204,897
Translation adjustment and others	187,070	475,140	662,210
Balance as at December 31, 2022	43,780,861	26,719,164	70,500,025
Development cost incurred	22,141,007	—	22,141,007
Cost of real estate sold (see Note 21)	(13,166,920)	(3,493,990)	(16,660,910)
Transfers	(1,902,929)	1,902,929	—
Reclassifications from investment properties (see Note 12)	1,807,712	—	1,807,712
Translation adjustment and others	98,606	341	98,947
Balance as at December 31, 2023	₱52,758,337	₱25,128,444	₱77,886,781

Land and development pertains to the Company's on-going residential units and condominium projects. Estimated cost to complete the projects amounted to ₱103,578 million and ₱106,894 million as at December 31, 2023 and 2022, respectively.

Condominium and residential units for sale pertain to completed projects. These are stated at cost as at December 31, 2023 and 2022.

Contract fulfillment assets, included under land and development, mainly pertain to unamortized portion of land cost totaling ₱1,777 million and ₱959 million as at December 31, 2023 and 2022, respectively.

9. Equity Instruments at FVOCI

This account consists of investments in:

	2023	2022
	<i>(In Thousands)</i>	
Shares of stock:		
Listed (see Note 19)	₱20,312,735	₱17,606,746
Unlisted	5,317	5,317
	20,318,052	17,612,063
Less noncurrent portion	19,570,212	17,077,198
	₱747,840	₱534,865

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

Dividend income from investments at FVOCI amounted to ₱440 million, ₱456 million and ₱186 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 19).



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

	2023	2022
	<i>(In Thousands)</i>	
At beginning of the year	₱14,232,514	₱14,708,368
Unrealized gain (loss) due to changes in fair value	2,705,989	(475,854)
At end of the year	₱16,938,503	₱14,232,514

10. Prepaid Expenses and Other Current Assets

This account consists of:

	2023	2022
	<i>(In Thousands)</i>	
Input and creditable withholding taxes	₱12,030,388	₱11,386,654
Advances and deposits	8,724,322	8,925,364
Prepaid taxes and other prepayments	6,409,923	4,788,282
Supplies and inventories	420,623	424,361
Others	219,674	242,673
	₱27,804,930	₱25,767,334

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



11. Property and Equipment

The movements in this account are as follows:

	Buildings, Land and Leasehold Improvements	Furniture, Fixtures and Other Equipment	ROUA - Office Spaces	Total
	<i>(In Thousands)</i>			
Cost				
Balance at December 31, 2021	₱2,316,525	₱1,307,981	₱7,454	₱3,631,960
Additions	110,481	87,587	—	198,068
Disposals	—	(5,443)	—	(5,443)
Balance at December 31, 2022	2,427,006	1,390,125	7,454	3,824,585
Additions	185,262	155,844	—	341,106
Disposals	(16,472)	(2,878)	(7,454)	(26,804)
Balance at December 31, 2023	₱2,595,796	₱1,543,091	₱—	₱4,138,887
Accumulated Depreciation and Amortization				
Balance at December 31, 2021	₱1,160,671	₱1,093,624	₱5,389	₱2,259,684
Depreciation and amortization (see Note 21)	90,178	78,205	2,065	170,448
Disposals	—	(5,387)	—	(5,387)
Balance at December 31, 2022	1,250,849	1,166,442	7,454	2,424,745
Depreciation and amortization (see Note 21)	78,545	90,940	—	169,485
Disposals	—	(2,879)	(7,454)	(10,333)
Balance at December 31, 2023	₱1,329,394	₱1,254,503	₱—	₱2,583,897
Net Book Value				
As at December 31, 2022	₱1,176,157	₱223,683	₱—	₱1,399,840
As at December 31, 2023	₱1,266,402	₱288,588	₱—	₱1,554,990

The company disposed certain properties and equipment in 2023 and 2022. The loss on disposal is recognized in the consolidated statements of income under “Others - net” account



12. Investment Properties

The movements in this account are as follows:

	Land, Building and Leasehold Improvements	Building Equipment, Furniture and Others	ROUA - Land	Construction in Progress	Total
Cost					
Balance as at December 31, 2021	₱423,907,337	₱49,094,257	₱28,203,524	₱74,517,670	₱575,722,788
Additions	7,654,606	2,626,045	1,138,124	23,705,364	35,124,139
Effect of common control business combination (see Note 5)	189,431	430,872	—	363,091	983,394
Reclassifications (see Note 8)	26,545,451	4,103,090	(1,280,292)	(31,573,146)	(2,204,897)
Translation adjustment	358,622	27,723	106,771	84,967	578,083
Disposals	(369,967)	(46,618)	—	—	(416,585)
Balance as at December 31, 2022	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 8)	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	₱501,242,440	₱61,093,358	₱33,416,089	₱82,002,808	₱677,754,695
Accumulated Depreciation and Amortization					
Balance as at December 31, 2021	₱74,597,796	₱32,020,231	₱1,712,773	₱—	₱108,330,800
Depreciation and amortization (see Note 21)	8,107,549	3,393,248	816,518	—	12,317,315
Translation adjustment	79,345	15,935	2,602	—	97,882
Disposals	(184,792)	(40,325)	—	—	(225,117)
Balance as at December 31, 2022	82,599,898	35,389,089	2,531,893	—	120,520,880
Depreciation and amortization (see Note 21)	8,748,034	3,979,841	759,413	—	13,487,288
Translation adjustment	(474,488)	(86,870)	(23,937)	—	(585,295)
Disposals	(366,969)	(373,808)	(2,147)	—	(742,924)
Balance as at December 31, 2023	₱90,506,475	₱38,908,252	₱3,265,222	₱—	₱132,679,949
Net Book Value					
As at December 31, 2022	₱375,685,582	₱20,846,280	₱25,636,234	₱67,097,946	₱489,266,042
As at December 31, 2023	₱410,735,965	₱22,185,106	₱30,150,867	₱82,002,808	₱545,074,746



The company disposed certain investment properties in 2023 and 2022. The loss on disposal is recognized in the consolidated statements of income under “Others - net” account.

Portions of investment properties located in China with total carrying value of ₱1,455 million and ₱1,624 million as at December 31, 2023 and 2022, respectively are mortgaged as collaterals to secure domestic borrowings (see Note 17).

Consolidated rent income from investment properties amounted to ₱72,114 million, ₱58,244 million and ₱34,694 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Consolidated costs and expenses from investment properties, which generate income, amounted to ₱40,120 million, ₱30,598 million and ₱23,665 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 21).

Construction in progress amounting to ₱82,003 million and ₱67,098 million as at December 31, 2023 and 2022, respectively includes shopping mall complex under construction, land and commercial building constructions.

The outstanding contracts with various contractors related to the construction of on-going projects are valued at ₱78,353 million and ₱79,532 million as at December 31, 2023 and 2022, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of works.

Interest capitalized to the construction of investment properties amounted to ₱5,791 million, ₱4,814 million and ₱4,005 million for the years ended December 31, 2023, 2022 and 2021, respectively. Capitalization rates used range from 2.27% to 5.38%, from 2.35% to 5.22%, and from 2.35% to 4.58% for the years ended December 31, 2023, 2022 and 2021, 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.

13. Investments in Associates and Joint Ventures

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

Company	Country of Incorporation	Percentage of Ownership	
		2023	2022
<i>Associates</i>			
Feihua Real Estate (Chongqing) Company Ltd. (FHREC)	People's Republic of China	50.00	50.00
Ortigas Land Corporation (OLC)	Philippines	39.96	39.96



Company	Country of Incorporation	Percentage of Ownership	
		2023	2022
<i>Joint Ventures</i>			
Winsome Development Corporation*	Philippines	51.00	51.00
Willin Sales, Inc.*	- do -	51.00	51.00
Willimson, Inc. *	- do -	51.00	51.00
Waltermart Ventures, Inc. *	- do -	51.00	51.00
WM Development, Inc. *	- do -	51.00	51.00
WM Shopping Center Management Inc.*	- do -	51.00	51.00
Metro Rapid Transit Service Inc.	- do -	51.00	51.00
ST 6747 Resources Corporation (STRC)	- do -	50.00	50.00

*collectively, Waltermart

The movements in this account are as follows:

	Associates	Joint Ventures	Total
		(In Thousands)	
Balance as at December 31, 2021	₱19,940,320	₱9,247,115	₱29,187,435
Equity in net earnings	1,082,911	637,205	1,720,116
Dividends	(142,933)	(196,859)	(339,792)
Translation	10,561	—	10,561
Balance as at December 31, 2022	20,890,859	9,687,461	30,578,320
Equity in net earnings	1,273,549	889,062	2,162,611
Dividends	(130,928)	(128,774)	(259,702)
Translation	(50,034)	—	(50,034)
Balance as at December 31, 2023	₱21,983,446	₱10,447,749	₱32,431,195

The carrying value of investment in OLC amounted to ₱20,615 million and ₱19,473 million as at December 31, 2023 and 2022, respectively, which consists of its proportionate share in the net assets of OLC and fair value adjustments. The share in profit, net of dividend received of OLC amounted to ₱1,142 million, ₱940 million and ₱698 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The carrying value of investment in FHREC amounted to ₱1,368 million and ₱1,418 million as at December 31, 2023 and 2022, respectively, with cumulative equity in net earnings amounting to ₱1,070 million and ₱1,109 million as at December 31, 2023 and 2022, respectively.

The carrying values of investments in Waltermart amounted to ₱8,152 million and ₱7,639 million as at December 31, 2023 and 2022, respectively. The aggregate share in profit and total comprehensive income, net of dividends received amounted to ₱513 million, ₱283 million and ₱216 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The carrying value of investment in STRC amounted to ₱2,296 million and ₱2,048 million as at December 31, 2023 and 2022, respectively. The aggregate share in profit and total comprehensive income amounted to ₱248 million, ₱172 million and ₱198 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company has no outstanding contingent liabilities or capital commitments related to its investments in associates and joint ventures as at December 31, 2023 and 2022.



14. Other Noncurrent Assets

This account consists of:

	2023	2022
	<i>(In Thousands)</i>	
Receivables from sale of real estate - net of current portion* (see Note 7)	₱70,600,303	₱48,929,523
Bonds and deposits	46,894,238	50,541,286
Escrow and time deposits (see Note 19)	3,656,453	5,105,361
Deferred input tax	779,864	1,069,739
Others (see Note 23)	540,616	554,997
	₱122,471,474	₱106,200,906

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

- Bonds and deposits consist of deposits to contractors and suppliers to be applied throughout construction and advances, deposits paid for leased properties to be applied at the last term of the lease and advance payments for land acquisitions which will be applied against the purchase price of the properties upon fulfillment by both parties of certain undertakings and conditions.
- Cash in escrow amounting to ₱711 million and ₱489 million as at December 31, 2023 and 2022, respectively, pertains to the amounts deposited in the account of an escrow agent as required by the Department of Human Settlements and Urban Development in connection with the incentive compliance provisions of the Urban Development and Housing Act. Interest income earned from the cash in escrow amounted to ₱25 million, ₱6 million and ₱1 million for the years ended December 31, 2023, 2022 and 2021 respectively (see Note 22).
- Time deposits amounting to ₱2,945 million and ₱4,616 million as at December 31, 2023 and 2022, respectively, were used as collateral for use of credit lines obtained by the Company. Interest income earned amounted to ₱38 million, ₱94 million and ₱125 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 22).

15. Loans Payable

This account consists of unsecured Philippine peso and China yuan renminbi denominated loans obtained from local and foreign banks amounting to ₱4,289 million and ₱5,423 million as at December 31, 2023 and 2022, respectively, with due dates of less than one year. These loans bear weighted average interest rates of 3.56% and China loan prime rate (LPR) in 2023 and 2022.

Interest expense incurred from loans payable amounted to ₱258 million, ₱160 million and ₱177 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 22).



16. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
	(In Thousands)	
Trade:		
Third parties	₱51,450,265	₱41,044,372
Related parties (see Note 19)	205,653	166,076
Tenants' and customers' deposits* (see Note 25)	39,678,216	37,056,004
Accrued operating expenses	15,834,744	15,171,483
Deferred output VAT	14,411,482	10,920,582
Lease liabilities	13,313,112	13,473,170
Retention payable	8,834,072	7,206,273
Liability for purchased land	5,042,435	5,678,474
Accrued interest (see Note 19)	2,827,101	2,646,101
Payable to government agencies	854,877	1,606,431
Nontrade	437,049	354,153
Liability from assigned receivables and others (see Note 7)	2,822,122	3,808,517
	155,711,128	139,131,636
Less noncurrent portion	56,633,700	51,009,039
	₱99,077,428	₱88,122,597

* Includes unearned revenue from sale of real estate amounting to ₱7,018 million and ₱5,452 million as at December 31, 2023 and 2022, respectively, out of which ₱2,129 million and ₱4,343 million were recognized as revenue in 2023 and 2022, respectively.

The terms and conditions of the above liabilities follow:

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

	2023	2022
	(In Thousands)	
Payable to contractors	₱9,400,962	₱9,133,293
Utilities	2,468,876	2,385,215
Marketing and advertising and others	3,964,906	3,652,975
	₱15,834,744	₱15,171,483

- Deferred output VAT represents output VAT on unpaid portion of recognized receivable from sale of real estate. This amount is reported as output VAT upon collection of the receivables.
- Lease liabilities included in "Other noncurrent liabilities" amounted to ₱13,181 million and ₱13,342 million as at December 31, 2023 and 2022, respectively. Interest on lease liabilities included under "Others - net" in the consolidated statements of income amounted to ₱366 million, ₱437 million and ₱404 million for the years ended December 31, 2023, 2022 and 2021, respectively.



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



17. Long-term Debt

This account consists of:

	Availment Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				2023	2022
				(In Thousands)	
Philippine peso-denominated loans	June 3, 2013 - December 28, 2023	March 1, 2023 - April 2, 2032	Floating BVAL + margin; Fixed - 5.26%	₱269,313,740	₱248,359,200
U.S. dollar-denominated loans*	July 30, 2018 - June 30, 2022	June 14, 2023 - June 9, 2027	LIBOR + spread; semi-annual/quarterly in 2022; SOFR + spread; quarterly in 2023	84,350,144	91,062,847
China yuan renminbi-denominated loans**	May 6, 2021 - December 19, 2023	April 20, 2026 - June 24, 2037	China LPR; annually; Fixed - 3.65%	10,590,461	9,665,493
				364,254,345	349,087,540
Less debt issue cost				1,885,738	2,112,928
				362,368,607	346,974,612
Less current portion				67,746,351	50,839,776
				₱294,622,256	₱296,134,836

LIBOR – London Interbank Offered Rate

BVAL – Bloomberg Valuation Service

SOFR – Secured Overnight Financing Rate

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

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



Debt Issue Cost

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

	2023	2022
	<i>(In Thousands)</i>	
Balance at beginning of the year	₱2,112,928	₱1,966,100
Additions	645,502	884,484
Amortization	(872,692)	(737,656)
Balance at end of the year	₱1,885,738	₱2,112,928

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

Repayment and Debt Issue Cost Schedule

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

	Gross	Debt Issue Cost	Net
	<i>(In Thousands)</i>		
Within 1 year	₱68,491,059	(₱744,708)	₱67,746,351
More than 1 year to 5 years	263,585,992	(1,094,991)	262,491,001
More than 5 years	32,177,294	(46,039)	32,131,255
	₱364,254,345	(₱1,885,738)	₱362,368,607

The loan agreements of the Company provide certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control. As at December 31, 2023 and 2022, the Company is in compliance with the terms of its loan covenants.

Interest expense from long-term debt charged to profit or loss amounted to ₱12,989 million, ₱11,288 million and ₱9,148 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 22).

18. Equity

Capital Stock

As at December 31, 2023 and 2022, the Company has an authorized capital stock of 40,000 million with a par value of ₱1 a share, of which 33,166 million shares were issued. The Company has 28,856 million outstanding shares as at December 31, 2023 and 2022.

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

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



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

Additional Paid-in Capital - Net

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

	2023	2022
	<i>(In Thousands)</i>	
Paid-in subscriptions in excess of par value	₱33,549,808	₱33,549,808
Net equity adjustments from common control business combinations	9,354,060	9,354,060
Arising from net sale (acquisition) of non-controlling interests (see Note 2)	(4,743,968)	(4,779,675)
<u>As presented in the consolidated balance sheets</u>	<u>₱38,159,900</u>	<u>₱38,124,193</u>

Retained Earnings

In 2023, the BOD approved the declaration of cash dividend of ₱0.237 per share or ₱6,844 million to stockholders of record as of May 10, 2023, ₱5 million of which was received by SMDC. This was paid on May 24, 2023. In 2022, the BOD approved the declaration of cash dividend of ₱0.097 per share or ₱2,801 million to stockholders of record as of May 11, 2022, ₱2 million of which was received by SMDC. This was paid on May 24, 2022. In 2021, the BOD approved the declaration of cash dividend of ₱0.082 per share or ₱2,368 million to stockholders of record as of May 5, 2021, ₱2 million of which was received by SMDC. This was paid on May 19, 2021.

As at December 31, 2023 and 2022, the amount of retained earnings appropriated for the 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 retained earnings available for dividend declaration amounted to ₱115,550 million and ₱96,642 million as at December 31, 2023 and 2022, respectively.

Treasury Stock

As at December 31, 2023 and 2022, this includes 4,310 million reacquired capital stock and shares held by a subsidiary stated at acquisition cost of ₱2,985 million.



19. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

There have been no guarantees/collaterals provided or received for any related party receivables or payables. For the years ended December 31, 2023 and 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Settlement of the outstanding balances normally occur in cash. The Company has approval process and established limits when entering into material related party transactions.

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

	Amount of Transactions			Outstanding Amount [Asset (Liability)]		Terms	Conditions
	2023	2022	2021	2023	2022		
(In Thousands)							
Ultimate Parent							
Rent income	₱69,449	₱64,092	₱59,175	₱–	₱–		
Rent receivable	–	–	–	7,899	7,396	Non-interest bearing	Unsecured; not impaired
Other revenue	36,414	35,017	41,600	–	–		
Other receivable	–	–	–	2,912	2,912	Non-interest bearing	Unsecured; not impaired
Rent expense	86,787	69,755	25,298	–	–		
Trade payable	–	–	–	(34,882)	(30,068)	Non-interest bearing	Unsecured
Dividend income	1,096	913	621	–	–		
Equity instruments at FVOCI	–	–	–	127,403	131,494		
Banking and Retail Entities							
Cash and cash equivalents	123,293,354	122,886,066	127,864,300	23,451,912	34,031,170	Interest bearing based on prevailing rates	Unsecured; not impaired
Rent income	17,707,839	15,391,640	10,107,826	–	–		
Rent receivable	–	–	–	3,388,569	3,359,255	Non-interest bearing	Unsecured; not impaired
Other revenue	90	419	159	–	–		
Other receivable	–	–	–	9,355	8,941	Non-interest bearing	Unsecured; not impaired
Interest income	1,231,347	664,264	213,906	–	–		
Accrued interest receivable	–	–	–	197,130	119,002	Non-interest bearing	Unsecured; not impaired
Receivable financed	4,130,907	–	358,861	–	–	Without recourse	Unsecured
Dividend income	324,088	203,455	108,029	–	–		
Equity instruments at FVOCI	–	–	–	14,097,820	11,418,694		
Escrow and time deposits	373,065	196,272	161,034	1,277,880	1,046,262	Interest bearing and based on prevailing rates	Unsecured; not impaired
Long-term debt	4,496,888	12,521,075	1,700,000	(20,746,834)	(20,730,765)	Interest bearing	Unsecured
Interest expense	1,716,133	668,384	503,515	–	–		
Accrued interest payable	–	–	–	(176,640)	(157,668)	Non-interest bearing	Unsecured
Other expense	220,182	195,876	159,418	–	–		
Trade payable	–	–	–	(159,999)	(115,922)	Non-interest bearing	Unsecured



	Amount of Transactions			Outstanding Amount [Asset (Liability)]		Terms	Conditions
	2023	2022	2021	2023	2022		
(In Thousands)							
Other Related Parties							
Rent income	₱392,116	₱314,324	₱120,962	₱–	₱–		
Rent receivable	–	–	–	74,676	60,613	Non-interest bearing	Unsecured; not impaired
Other revenue	90,652	121,004	155,683	–	–		
Other receivable	–	–	–	17,148	25,058	Non-interest bearing	Unsecured; not impaired
Rent expense	663	410	376	–	–		
Trade payable	–	–	–	(10,772)	(20,086)	Non-interest bearing	Unsecured

Affiliate refers to an entity that is neither a parent, subsidiary, nor an associate, with stockholders common to the SM Group or under common control.

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

Rent

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

Other Revenue

The Company provides management, manpower and other related services.

Dividend Income

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

Cash Placements and Loans

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

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

The Company also entered into financing arrangements with the banking group. There were no assigned receivables on a with recourse basis to the banking group in 2023 and 2022 (see Note 7).

Others

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

Compensation of Key Management Personnel

The aggregate compensation and benefits related to key management personnel for the years ended December 31, 2023, 2022 and 2021 consist of short-term employee benefits amounting to ₱1,495 million, ₱1,130 million and ₱1,059 million, respectively, and post-employment benefits (pension benefits) amounting to ₱298 million, ₱243 million and ₱229 million, respectively.



20. Other Revenue

Details of other revenue follows:

	2023	2022	2021
	<i>(In Thousands)</i>		
Cinema and event ticket sales	₱4,020,155	₱2,689,404	₱56,868
Merchandise sales	3,263,194	564,978	193,278
Food and beverages	2,339,039	1,786,358	611,751
Amusement income	1,337,200	1,093,416	226,423
Bowling and ice skating fees	407,118	335,452	29,301
Advertising income	190,557	99,912	87,155
Others (see Note 19)	2,385,912	1,925,688	1,300,403
	₱13,943,175	₱8,495,208	₱2,505,179

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

21. Costs and Expenses

This account consists of:

	2023	2022	2021
	<i>(In Thousands)</i>		
Administrative (see Notes 19 and 23)	₱17,450,432	₱12,423,180	₱7,967,372
Cost of real estate sold (see Note 8)	16,660,910	16,898,568	18,686,708
Depreciation and amortization (see Notes 11 and 12)	13,656,773	12,487,763	10,816,869
Marketing and selling	7,056,076	5,438,162	5,445,482
Business taxes and licenses	5,303,596	4,658,425	5,141,919
Film rentals	2,036,632	1,399,271	20,539
Rent (see Notes 19 and 25)	1,324,430	1,130,559	581,803
Insurance	634,148	541,200	497,387
Others	2,695,303	1,565,194	742,854
	₱66,818,300	₱56,542,322	₱49,900,933

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

22. Interest Income and Interest Expense

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

	2023	2022	2021
	<i>(In Thousands)</i>		
Interest income on:			
Cash and cash equivalents (see Note 6)	₱1,450,318	₱1,070,051	₱627,033
Escrow and time deposits (see Note 14)	62,574	100,034	125,458
Others (see Note 7)	232,335	149,253	86,776
	₱1,745,227	₱1,319,338	₱839,267



	2023	2022	2021
	<i>(In Thousands)</i>		
Interest expense on:			
Long-term debt (see Note 17)	₱12,988,734	₱11,288,049	₱9,147,532
Loans payable (see Note 15)	257,559	159,904	176,792
Others (see Note 7)	716,978	17,834	33,292
	₱13,963,271	₱11,465,787	₱9,357,616

23. Pension Benefits

The Company has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The latest actuarial valuation report is as at December 31, 2023.

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

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

	2023	2022	2021
	<i>(In Thousands)</i>		
Current service cost	₱427,647	₱377,990	₱376,779
Past service cost	8,897	—	—
Interest - net and others	59,301	28,911	8,348
	₱495,845	₱406,901	₱385,127

Net Pension Asset (included under "Other noncurrent assets" account)

	2023	2022
	<i>(In Thousands)</i>	
Fair value of plan assets	₱173,807	₱821,454
Defined benefit obligation	(87,475)	(725,095)
Effect of asset ceiling limit	(19,166)	(30,264)
Net pension asset	₱67,166	₱66,095

Net Pension Liability (included under "Other noncurrent liabilities" account)

	2023	2022
	<i>(In Thousands)</i>	
Defined benefit obligation	₱4,672,036	₱3,382,257
Fair value of plan assets	(3,461,552)	(2,250,763)
Net pension liability	₱1,210,484	₱1,131,494



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

	2023	2022
	<i>(In Thousands)</i>	
Balance at beginning of the year	₱4,107,352	₱3,405,858
Interest cost and others	290,807	467,022
Current service cost	427,647	377,990
Past service cost	8,897	—
Actuarial loss (gain) on:		
Experience adjustments	125,692	(30,723)
Changes in demographic assumptions	8,277	(34,416)
Changes in financial assumptions	(44,553)	219,213
Benefits paid	(183,908)	(310,269)
Transfers	19,300	12,677
Balance at end of the year	₱4,759,511	₱4,107,352

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

	2023	2022
	<i>(In Thousands)</i>	
Balance at beginning of year	₱3,072,217	₱2,984,973
Contributions	570,379	336,366
Interest income and others	233,738	308,480
Transfers	19,300	12,677
Benefits paid from assets	(183,908)	(310,269)
Remeasurement loss	(76,367)	(260,010)
Balance at end of year	₱3,635,359	₱3,072,217

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

	2023	2022
	<i>(In Thousands)</i>	
Balance at beginning of year	₱30,264	₱25,477
Interest cost	2,232	1,202
Remeasurement gain (loss)	(13,330)	3,585
Balance at end of year	₱19,166	₱30,264

The carrying amounts of the plan assets below equal to its fair values as at December 31, 2023 and 2022.

	2023	2022
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱17,789	₱26,290
Investments in:		
Government securities	1,948,988	1,347,626
Common trust funds	1,267,811	1,143,227
Debt and other securities	373,905	528,448
Equity securities	—	11,496
Other financial assets	26,866	15,130
	₱3,635,359	₱3,072,217



- Cash and cash equivalents include regular savings and time deposits;
- Investments in government securities consist of retail treasury bonds which earn interest based on the prevailing market rates and have maturities ranging from 2024 to 2033;
- Investments in common trust funds pertain to unit investment trust fund;
- Investments in debt and other securities consist of short-term and long-term corporate loans, notes and bonds which earn interest based on the prevailing market rates and have maturities ranging from 2024 to 2029;
- Investments in equity securities consist of listed and unlisted equity securities; and
- Other financial assets include accrued interest income on cash deposits held by the Retirement Plan.

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

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

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

	2023	2022
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱17,789	₱26,290
Interest income from cash and cash equivalents	2,278	137
Investments in common trust funds	1,267,811	1,143,227
Gain (loss) from investments in common trust funds	73,208	(131,927)

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

	2023	2022
Discount rate	6.0%–6.4%	6.8%–7.3%
Future salary increases	3.0%–10.0%	3.0%–10.0%

Remeasurement effects recognized in OCI at December 31 follow:

	2023	2022	2021
	<i>(In Thousands)</i>		
Actuarial loss (gain)	₱165,783	₱414,084	(₱108,575)
Remeasurement loss (gain) - excluding amounts recognized in net interest cost	(13,330)	3,585	14,437
	₱152,453	₱417,669	(₱94,138)



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2023 and 2022, respectively, assuming all other assumptions were held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation <i>(In Thousands)</i>
2023		
Discount rates	50	(₱340,764)
	(50)	392,738
Future salary increases	100	383,921
	(100)	(340,136)
2022		
Discount rates	50	(₱307,539)
	(50)	355,952
Future salary increases	100	344,704
	(100)	(304,331)

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

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2023 and 2022, respectively:

Year 2023	Amount
	<i>(In Thousands)</i>
2024	₱1,100,326
2025	422,482
2026–2027	886,111
2028–2033	3,518,907
Year 2022	Amount
	<i>(In Thousands)</i>
2023	₱938,840
2024	337,030
2025–2026	815,147
2027–2032	3,173,913

The Company expects to contribute about ₱733 million to its defined benefit pension plan in 2024.

The weighted average duration of the defined benefit obligation is 7.9 years as of December 31, 2023 and 2022.



24. Income Tax

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

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

	2023	2022
	<i>(In Thousands)</i>	
Deferred tax assets:		
Lease liabilities	₱2,118,078	₱2,145,193
NOLCO	1,352,600	335,693
Excess of fair value over cost of investment properties and others	523,436	252,069
Unrealized foreign exchange losses	408,343	408,426
Excess MCIT over RCIT	276,526	102,702
Unamortized past service cost	43,969	33,127
Provision for ECLs on receivables	21,624	21,626
Others	584,606	565,136
	5,329,182	3,863,972
Deferred tax liabilities:		
Unrealized gross profit on sale of real estate	(11,190,690)	(8,896,471)
Undepreciated capitalized interest, unrealized foreign exchange gains and others	(3,276,002)	(3,308,502)
ROUA	(1,633,055)	(1,693,636)
Pension asset	(23,770)	(22,543)
Others	(171,402)	(151,494)
	(16,294,919)	(14,072,646)
Net deferred tax liabilities	(₱10,965,737)	(₱10,208,674)

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

	2023	2022
	<i>(In Thousands)</i>	
Deferred tax assets - net	₱1,492,359	₱931,366
Deferred tax liabilities - net	(12,458,096)	(11,140,040)
	(₱10,965,737)	(₱10,208,674)

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, President Rodrigo Duterte signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.



The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25%. For entities with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income for 3 years or until June 30, 2023.
- Imposition of improperly accumulated earnings tax is repealed.

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

The Company recognized one-time impact of CREATE in the consolidated statement of comprehensive income for the period ended December 31, 2021 amounting to ₱293 million and ₱39 million for provision for income tax (current and deferred) and remeasurement loss on defined benefit obligation, respectively. Deferred tax liabilities - net also decreased by ₱218 million.

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

	2023	2022	2021
Statutory tax rate	25.00%	25.00%	25.00%
Income tax effects of:			
Equity in net earnings of associates and joint ventures	(1.08)	(1.11)	(1.07)
Interest income subjected to final tax and dividend income exempt from income tax	(0.84)	(0.73)	(0.33)
Others - net	(5.07)	(2.57)	(2.61)
Effective tax rates	18.01%	20.59%	20.99%

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

25. Lease Agreements

Company as Lessor

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



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

	2023	2022
	<i>(In Millions)</i>	
Within one year	₱6,312	₱7,261
After one year but not more than five years	10,975	11,807
After more than five years	6,718	6,878
	₱24,005	₱25,946

Consolidated rent income amounted to ₱72,114 million, ₱58,244 million and ₱34,694 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Company as Lessee

The Company leases certain parcels of land where some of its malls are situated or constructed. The terms of the lease are for periods ranging from 5 to 65 years, renewable for the same period under the same terms and conditions. Rental payments are generally computed based on a certain percentage of the gross rental income or a certain fixed amount, whichever is higher. The Company also has various operating lease commitments with third party and related parties with noncancellable periods ranging from 2 to 30 years, mostly containing renewal options. Several lease contracts provide for the payment of additional rental based on certain percentage of sales of the tenants.

Amounts recognized in the consolidated statements of income follow:

	2023	2022	2021
	<i>(In Millions)</i>		
Rent expense (see Note 21)	₱1,324	₱1,131	₱582
Depreciation on ROUA (see Notes 11, 12 and 21)	759	819	633
Interest expense on lease liabilities (see Note 16)	366	437	404
	₱2,449	₱2,387	₱1,619

The maturity analysis of the undiscounted lease payments as at December 31, 2023 and 2022, respectively, are presented in Note 26 to the consolidated financial statements.

26. Financial Risk Management Objectives and Policies

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

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



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

Interest Rate Risk

The Company's policy is to manage its interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, it enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to economically hedge underlying debt obligations. As at December 31, 2023 and 2022, after considering the effect of interest rate swaps, approximately 78% of its long-term borrowings, are at a fixed rate of interest (see Note 27).



The following tables set out the carrying amount, by maturity, of the Company's long-term financial liabilities that are exposed to interest rate risk as at December 31, 2023 and 2022:

		2023					Total
	Interest Rate	1-<2 Years	2-<3 Years	3-<4 Years	4-<5 Years	=>5 Years	
Philippine peso-denominated loans	BVAL+margin%	₱101,250	₱5,740,000	₱11,635,000	₱14,123,750	₱18,557,500	₱50,157,500
U.S. dollar-denominated loans	LIBOR + spread	–	\$100,000	\$200,000	\$100,000	–	22,148,006
China yuan renminbi-denominated loans	LPR	¥168,491	¥277,650	¥366,851	¥156,564	¥212,838	9,221,027
							81,526,533
Less debt issue cost							475,556
							₱81,050,977

		2022					Total
	Interest Rate	1-<2 Years	2-<3 Years	3-<4 Years	4-<5 Years	=>5 Years	
Philippine peso-denominated loans	BVAL+margin%	₱14,730,000	₱101,250	₱5,740,000	₱11,635,000	₱14,281,250	₱46,487,500
U.S. dollar-denominated loans	LIBOR + spread	–	–	\$100,000	\$200,000	\$100,000	22,301,978
China yuan renminbi-denominated loans	LPR	¥69,803	¥168,491	¥277,631	¥365,355	¥214,382	8,857,113
							77,646,591
Less debt issue cost							493,338
							₱77,153,253



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

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax <i>(In Thousands)</i>
2023	100	(P66,447)
	50	(33,223)
	(100)	66,447
	(50)	33,223
2022	100	(P34,942)
	50	(17,471)
	(100)	34,942
	(50)	17,471

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

Foreign Currency Risk

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

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

The Company's foreign currency-denominated monetary net assets amounted to US\$18 million (P1,003 million) as at December 31, 2023 and US\$19 million (P1,034 million) as at December 31, 2022.

In translating the foreign currency-denominated monetary assets and liabilities to peso amounts, the exchange rates used were P55.37 to US\$1.00 and P55.76 to US\$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2023 and 2022, respectively.

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

	Appreciation (Depreciation) of \$	Effect on Income Before Tax <i>(In Thousands)</i>
2023	1.50	P27,173
	1.00	18,115
	(1.50)	(P27,173)
	(1.00)	(18,115)



	Appreciation (Depreciation) of \$	Effect on Income Before Tax <i>(In Thousands)</i>
2022	1.50	₱27,826
	1.00	18,550
	(1.50)	(₱27,826)
	(1.00)	(18,550)

Liquidity Risk

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

The Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Company intends to use internally generated funds and proceeds from debt and equity issues.

As part of its liquidity risk management program, the Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans and debt capital and equity market issues.

The Company's financial assets, which have maturities of less than 12 months and used to meet its short-term liquidity needs, include cash and cash equivalents and equity instruments at FVOCI amounting to ₱31,817 million and ₱748 million, respectively, as at December 31, 2023 and ₱42,060 million and ₱535 million, respectively, as at December 31, 2022 (see Notes 6 and 9). The Company also has readily available credit facility with banks and affiliates to meet its long-term financial liabilities.

The tables below summarize the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments as at December 31:

	2023			
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	Total
	<i>(In Thousands)</i>			
Loans payable	₱4,384,368	₱–	₱–	₱4,384,368
Accounts payable and other current liabilities*	83,479,886	–	–	83,479,886
Long-term debt (including current portion and interest)	109,537,322	301,795,119	34,890,709	446,223,150
Derivative liabilities	7,423	265,013	–	272,436
Liability for purchased land - net of current portion	–	539,959	–	539,959
Tenants' deposits - net of current portion**	–	24,736,578	269,391	25,005,969
Lease liabilities	874,205	3,539,853	27,505,845	31,919,903
Other noncurrent liabilities***	–	8,499,486	2,103,661	10,603,147
	₱198,283,204	₱339,376,008	₱64,769,606	₱602,428,818



	2022			Total
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	
	(In Thousands)			
Loans payable	₱5,493,870	₱–	₱–	₱5,493,870
Accounts payable and other current liabilities*	72,841,522	–	–	72,841,522
Long-term debt (including current portion and interest)	66,498,851	300,418,234	38,218,018	405,135,103
Derivative liabilities	19,496	294,403	–	313,899
Liability for purchased land - net of current portion	–	1,129,719	–	1,129,719
Tenants' deposits - net of current portion**	–	2,017,519	21,543,716	23,561,235
Lease liabilities	900,370	3,734,664	31,127,968	35,763,002
Other noncurrent liabilities***	–	1,744,519	4,604,226	6,348,745
	₱145,754,109	₱309,339,058	₱95,493,928	₱550,587,095

* Excluding nonfinancial liabilities and lease liabilities amounting to ₱15,598 million and ₱15,281 million as at December 31, 2023 and 2022, respectively.

** Excluding residential customers' deposits amounting to ₱296 million and ₱238 million as at December 31, 2023 and 2022, respectively.

*** Excluding nonfinancial liabilities and lease liabilities amounting to ₱28,235 million and ₱25,046 million as at December 31, 2023 and 2022, respectively.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments (see Notes 6, 7, 9, 10 and 14).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The fair values of these financial assets are disclosed in Note 27. For receivables from real estate sale, the title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Company evaluates the concentration of risk with respect to trade receivables and unbilled revenue from sale of real estate as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

As at December 31, 2023 and 2022, the financial assets, except for certain receivables, are generally viewed by management as good and collectible considering the credit history of the counterparties (see Note 7). Past due or impaired financial assets are very minimal in relation to the Company's consolidated total financial assets.

Credit Quality of Financial Assets. The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High Quality. Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.



As at December 31, 2023 and 2022, the credit quality of the Company's financial assets is as follows:

	2023			
	Neither Past Due nor Impaired			
	High Quality	Standard Quality	Past Due	Total
	(In Thousands)			
Financial assets at amortized cost				
Cash and cash equivalents*	₱31,691,014	₱—	₱—	₱31,691,014
Receivables**	201,498	12,928,120	19,524,538	32,654,156
Escrow and time deposits (included under “Other noncurrent assets”)	3,656,453	—	—	3,656,453
Financial assets at FVTPL				
Derivative assets	5,524,044	—	—	5,524,044
Financial assets at FVOCI				
Equity instruments	20,312,735	5,317	—	20,318,052
	₱61,385,744	₱12,933,437	₱19,524,538	₱93,843,719

* Excluding cash on hand amounting to ₱126 million

** Excluding nonfinancial assets amounting to ₱44,298 million

	2022			Total
	Neither Past Due nor Impaired High Quality	Standard Quality	Past Due but not Impaired	
(In Thousands)				
Financial assets at amortized cost				
Cash and cash equivalents*	₱41,977,231	₱–	₱–	₱41,977,231
Receivables**	167,795	14,696,502	16,469,042	31,333,339
Cash in escrow (included under “Prepaid expenses and other current assets”)	5,105,361	–	–	5,105,361
Financial assets at FVTPL				
Derivative assets	7,338,320	–	–	7,338,320
Financial assets at FVOCI				
Equity instruments	17,606,746	5,317	–	17,612,063
	₱72,195,453	₱14,701,819	₱16,469,042	₱103,366,314

* Excluding cash on hand amounting to ₱83 million

** Excluding nonfinancial assets amounting to ₱51,227 million

Equity Price Risk

Equity price risk arises from the changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

As a policy, management monitors its equity price risk pertaining to its investments in quoted equity securities which are classified as equity instruments designated at FVOCI in the consolidated balance sheets based on market expectations. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.



The effect on equity after income tax (as a result of change in fair value of equity instruments at FVOCI as at December 31, 2023 and 2022) due to a possible change in equity indices, based on historical trend of PSE index, with all other variables held constant is as follows:

2023		
	Change in Equity Price	Effect on Equity
		<i>(In Millions)</i>
Equity instruments at FVOCI	+1.63%	₱298
	-1.63%	(298)
2022		
	Change in Equity Price	Effect on Equity
		<i>(In Millions)</i>
Equity instruments at FVOCI	+2.43%	₱397
	-2.43%	(397)

Capital Management

Capital includes equity attributable to the owners of the Parent.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Company monitors capital using the gearing ratio below as at December 31:

Net Interest-bearing Debt to Total Capital plus Net Interest-bearing Debt

	2023	2022
	<i>(In Thousands)</i>	
Loans payable	₱4,288,964	₱5,422,524
Current portion of long-term debt	67,746,351	50,839,776
Long-term debt - net of current portion	294,622,256	296,134,836
Less cash and cash equivalents	(31,816,802)	(42,060,082)
Total net interest-bearing debt (a)	334,840,769	310,337,054
Total equity attributable to equity holders of the parent	396,196,619	363,201,490
Total net interest-bearing debt and equity attributable to equity holders of the parent (b)	₱731,037,388	₱673,538,544
Gearing ratio (a/b)	46%	46%



27. Financial Instruments

Fair Values

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities and nonfinancial assets, by category and by class, other than those whose carrying values are reasonable approximations of fair values, as at December 31:

	December 31, 2023				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	₱5,524,044	₱5,524,044	₱—	₱5,524,044	₱—
Financial assets at amortized cost:					
Escrow and time deposits (included under “Other noncurrent assets”)	3,656,453	3,694,879	—	3,694,879	—
Financial assets at FVOCI:					
Equity instruments	20,318,052	20,318,052	20,312,735	—	5,317
Nonfinancial Assets* (see Note 12)	545,074,746	2,091,266,866	—	—	2,091,266,866
	₱574,573,295	₱2,120,803,841	₱20,312,735	₱9,218,923	₱2,091,272,183
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱272,436	₱272,436	₱—	₱272,436	₱—
Loans and borrowings:					
Liability for purchased land - net of current portion	539,959	514,635	—	—	514,635
Long-term debt - net of current portion	294,622,256	283,353,643	—	—	283,353,643
Tenants’ deposits - net of current portion**	25,005,969	24,585,217	—	—	24,585,217
Other noncurrent liabilities***	10,603,148	10,482,842	—	—	10,482,842
	₱331,043,768	₱319,208,773	₱—	₱272,436	₱318,936,337

*Consists of investment properties

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

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

	December 31, 2022				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Financial Assets					
Financial assets at FVTPL:					
Derivative assets	₱7,338,320	₱7,338,320	₱—	₱7,338,320	₱—
Financial assets at amortized cost:					
Time deposits (included under “Other noncurrent assets”)	5,105,361	5,118,038	—	5,118,038	—
Financial assets at FVOCI:					
Equity instruments	17,612,063	17,612,063	17,606,746	—	5,317
Nonfinancial Assets* (see Note 12)	489,266,042	2,022,778,236	—	—	2,022,778,236
	₱519,321,786	₱2,052,846,657	₱17,606,746	₱12,456,358	₱2,022,783,553
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱313,899	₱313,899	₱—	₱313,899	₱—
Loans and borrowings:					
Liability for purchased land - net of current portion	1,129,719	1,063,631	—	—	1,063,631
Long-term debt - net of current portion	296,134,836	279,936,370	—	—	279,936,370
Tenants’ deposits - net of current portion**	23,561,234	22,780,505	—	—	22,780,505
Other noncurrent liabilities***	6,348,745	6,117,632	—	—	6,117,632
	₱327,488,433	₱310,212,037	₱—	₱313,899	₱309,898,138

*Consists of investment properties

** Excluding residential customers’ deposits amounting to ₱238 million as at December 31, 2022.

*** Excluding lease liabilities nonfinancial liabilities amounting to ₱25,046 million as at December 31, 2022.



Fair Value Hierarchy

The Company uses the fair value hierarchy discussed in Note 3 for determining and disclosing the fair value of financial instruments.

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Derivative Instruments. The fair values are based on quotes obtained from counterparties.

Escrow and Time Deposits The fair values are based on the discounted value of future cash flows using the prevailing market rates.

Equity Instruments at FVOCI. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business.

Long-term Debt. Fair value is based on the following:

Debt Type	Fair Value Assumptions
Fixed Rate Loans	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used is based on the prevailing market rate as at December 31, 2023 and 2022.
Variable Rate Loans	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans that re-price every six months, the fair value is determined by discounting the principal amount plus the next interest payment amount using the prevailing market rate as at December 31, 2023 and 2022 up to the next repricing date. Discount rates used is based on the prevailing market rate.

Tenants' Deposits, Liability for Purchased Land and Other Noncurrent Liabilities. The estimated fair value is based on the discounted value of future cash flows using the applicable rates. The discount rates used range from 2.08% to 6.91% and 2.74% to 6.94% as at December 31, 2023 and 2022, respectively.

The Company assessed that the carrying values of cash and cash equivalents, receivables, bank loans and accounts payable and other current liabilities approximate their fair values due to the short-term nature and maturities of these financial instruments.

There were no financial instruments subject to an enforceable master netting arrangement that were not set-off in the consolidated balance sheets.



Nonfinancial Assets. The significant assumptions used in the most recent valuation as at December 31, 2021 are discount rates of 8.00% to 9.00% and average growth rate of 5.00%, respectively. Fair values based on market approach were assessed using sales comparison of similar asset. As at December 31, 2023 and 2022, management believes that the fair values from the most recent valuation did not change significantly and the carrying values of additions to investment properties subsequent to the most recent valuation date would approximate their fair values.

Derivative Instruments Accounted for as Cash Flow Hedges

As at December 31, 2023, details of outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency denominated debts as follow:

December 31, 2023						
	Notional Amount	Agreed Equivalent	Fair Value	Swap Rate	Interest Rate	Maturity
<i>(In Thousands)</i>						
Cross Currency Swaps	\$150,000	₱7,276,500	₱1,096,049	₱48.50-₱48.52	3.64%-3.70%	2024
Cross Currency Swaps	\$286,000	¥1,919,208	962,344	¥6.69-¥6.72	3.86%-3.97%	2024
Principal Only Swaps	\$270,000	¥1,753,285	281,166	¥6.38-¥6.68	—	2026-2027
Foreign Exchange Forward Swaps	\$800,000	₱44,725,405	108,802	₱53.94-₱60.39	—	2024-2026
Interest Rate Swaps	\$670,000	—	2,803,247	—	2.28%-2.63%	2025-2026
			₱5,251,608			
December 31, 2022						
	Notional Amount	Agreed Equivalent	Fair Value	Swap Rate	Interest Rate	Maturity
<i>(In Thousands)</i>						
Cross Currency Swaps	\$260,000	₱13,142,200	₱1,644,111	₱48.50-₱53.33	3.64%-6.39%	2023-2024
Cross Currency Swaps	\$286,000	¥1,919,208	568,337	¥6.69-¥6.72	3.86%-3.97%	2024
Principal Only Swaps	\$270,000	¥1,753,285	(220,140)	¥6.38-¥6.68	—	2026-2027
Foreign Exchange Forward Swaps	\$715,000	₱39,820,155	1,148,261	₱53.94-₱60.39	—	2023-2026
Interest Rate Swaps	\$670,000	—	3,883,852	—	2.28%-2.63%	2025-2026
			₱7,024,421			

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

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

	December 31, 2023	December 31, 2022
<i>(In Thousands)</i>		
Balance at beginning of period	₱7,024,421	(₱286,377)
Net changes in fair value during the period*	(1,206,733)	7,728,937
Fair value of settled derivatives	(566,080)	(418,139)
Balance at end of year	₱5,251,608	₱7,024,421

*Includes fair value changes recognized in the consolidated statement of income under "Others – net".



28. EPS Computation

Basic/diluted EPS is computed as follows:

	2023	2022	2021
	<i>(In Thousands, Except Per Share Data)</i>		
Net income attributable to equity holders of the parent (a)	₱40,010,501	₱30,099,799	₱21,786,516
Common shares issued (see Note 18)	33,166,300	33,166,300	33,166,300
Less weighted average number treasury stock (see Note 18)	4,309,888	4,309,888	4,309,888
Weighted average number of common shares outstanding (b)	28,856,412	28,856,412	28,856,412
Earnings per share (a/b)	₱1.387	₱1.043	₱0.755

29. Change in Liabilities Arising from Financing Activities

Movements in loans payable, long-term debt and lease liabilities accounts are as follows
(see Notes 15, 16 and 17):

	2023			2022		
	Loans Payable	Long-term Debt	Lease Liabilities	Loans Payable	Long-term Debt	Lease Liabilities
	<i>(In Thousands)</i>					
Balance at beginning of year	₱5,422,524	₱346,974,612	₱13,473,170	₱6,487,427	₱307,230,817	₱12,419,338
Availments/Additions	28,516,941	83,045,972	—	18,924,421	75,401,524	1,138,124
Payments	(29,563,823)	(66,701,374)	(160,058)	(19,994,859)	(43,863,022)	(84,292)
Cumulative translation adjustment	(86,678)	(1,470,678)	—	5,535	283,079	—
Foreign exchange movement	—	520,075	—	—	7,922,214	—
Balance at end of year	₱4,288,964	₱362,368,607	₱13,313,112	₱5,422,524	₱346,974,612	₱13,473,170

There are no non-cash changes in accrued interest and dividends payable.

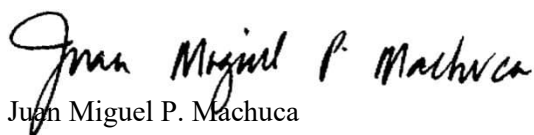


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SM Prime Holdings, Inc. and Subsidiaries (the Company) as at December 31, 2023, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 19, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-140-2021, April 27, 2021, valid until April 26, 2024

PTR No. 10079963, January 6, 2024, Makati City

February 19, 2024



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
December 31, 2023

- Annex I. Reconciliation of Retained Earnings Available for Dividend Declaration
- Annex II. Supplementary Schedules Required by Revised SRC Rule 68, Part II, Annex 68-J
- Annex III. Map of the Relationship of the Companies Within the Group

ANNEX A

SM Prime Holdings, Inc.
7/F MOA Square, Seashell Lane cor. Coral Way,
Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City 1300

Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2023

Unappropriated retained earnings as at January 1, 2023		₱228,692,089,152
Adjustments for:		
Non-actual/unrealized income, net of applicable tax:		
Equity in net earnings of subsidiaries, associates and joint ventures	(₱127,873,418,771)	
Deferred tax assets	(1,563,277,508)	
Treasury stock	(2,613,650,429)	(132,050,346,708)
		<hr/>
Unappropriated retained earnings as at January 1, 2023, available for dividend declaration		96,641,742,444
Net income closed to retained earnings in 2023	38,948,382,380	
Adjustments for:		
Non-actual/unrealized income, net of applicable tax:		
Movement in deferred assets	17,967,609	
Equity in net earnings of subsidiaries, associates and joint ventures	(13,213,805,907)	
		<hr/>
Net income actually earned in 2023		25,752,544,082
Less: Cash dividends in 2023		<hr/> (6,844,377,897)
Retained earnings as at December 31, 2023		
available for dividend declaration		<u><u>₱115,549,908,629</u></u>

ANNEX B

SM Prime Holdings, Inc.
7/F MOA Square, Seashell Lane cor. Coral Way,
Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, Pasay City 1300

Supplementary Schedules As Required by SRC Rule 68, Annex 68-J
December 31, 2023

Schedule A: Financial Assets

Name of issuing Entity and association of each issue	Number of shares or principal bonds and notes	Amounts shown in the balance sheet	Income received and accrued
Financial Assets at Amortized Cost*			
Temporary investments:			
BDO Unibank, Inc. (BDO)	₱19,021,201	₱19,021,201	
China Banking Corporation (CHIB)	₱2,243,197	2,243,197	
Industrial and Commercial Bank of China (ICBC)	¥400	3,119	
China Industrial Bank	¥33,000	257,354	
Others	₱52,031	52,031	
Escrow and time deposits on hold (under Other Noncurrent Assets)			
ICBC	¥305,000	2,378,573	
BDO	₱551,324	551,324	
CHIB	₱726,556	726,556	
		₱25,233,355	₱1,496,896
Financial Assets at Fair Value through Profit or Loss			
Derivative assets	₱5,524,044	₱5,524,044	₱—
Financial Assets at Fair Value through Other Comprehensive Income			
BDO Unibank, Inc.	108,029,274 shares	₱14,097,820	
Ayala Corporation	7,690,430 shares	5,237,183	
Shang Properties, Inc.	189,550,548 shares	695,651	
SM Investments Corporation	146,104 shares	127,403	
ACEN Corporation	23,071,290 shares	101,052	
Republic Glass Holdings Corporation	14,230,000 shares	42,690	
Picop Resources, Inc.	40,000,00 shares	8,200	
Prime Media Holdings, Inc.	500,000 shares	1,435	
Benguet Corporation	266,757 shares	1,299	
Philippine National Bank	112 shares	2	
Others	8,082,270 shares	5,317	
		₱20,318,052	₱439,929

**excluding cash on hand and in banks*

ANNEX B

**Schedule B. Amounts Receivables from Directors, Officers, Employees, and Principal Stockholders
(Other than Related Parties) - Not Applicable**

ANNEX B**Schedule C: Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements***(Amounts in Thousands)*

Name and Designation of Debtor	Balance at Beginning of Period	Net movement	Amounts Written Off	Current	Not Current	Balance at End of Period
SM Land (China) Limited and Subsidiaries	₱2,285,125	₱1,578,419	₱–	₱3,863,544	₱–	₱3,863,544
San Lazaro Holdings Corporation	2,064,543	(699,681)	–	1,364,862	–	1,364,862
Costa del Hamilo, Inc. and Subsidiary	777,271	(8,469)	–	768,802	–	768,802
SM Development Corporation and Subsidiaries	691,778	42,015	–	733,793	–	733,793
Mindpro Incorporated	477,445	3,554	–	480,999	–	480,999
SM Prime Holdings, Inc.	349,854	(63,429)	–	286,425	–	286,425
Prime Commercial Property Management Corp. and Subsidiaries	275,854	724	–	276,578	–	276,578
Premier Clark Complex, Inc	134,141	36,159	–	170,300	–	170,300
Premier Central, Inc. and Subsidiary	183,096	(104,883)	–	78,213	–	78,213
SM Hotels and Conventions Corp. and Subsidiaries	14,822	42,657	–	57,479	–	57,479
SM Arena Complex Corporation	56,993	(6,448)	–	50,545	–	50,545
Associated Development Corporation	54,306	(5,996)	–	48,310	–	48,310
Southernpoint Properties Corp.	9,369	32,816	–	42,185	–	42,185
Tagaytay Resort and Development Corporation	36,603	–	–	36,603	–	36,603
First Asia Realty Development Corporation	58,542	(25,422)	–	33,120	–	33,120
Premier Southern Corp.	34,976	(6,038)	–	28,938	–	28,938
Consolidated Prime Dev Corp.	12,552	1,191	–	13,743	–	13,743
Highlands Prime, Inc.	1,119	12,136	–	13,255	–	13,255
MOA Esplanade Port Inc.	7,242	(1,161)	–	6,081	–	6,081
Prime Metroestate, Inc.	596	3,676	–	4,272	–	4,272
First Leisure Ventures Group Inc.	16,352	(12,631)	–	3,721	–	3,721
CHAS Realty and Development Corporation and Subsidiaries	364	3,354	–	3,718	–	3,718
SM Smart City Infrastructure and Development Corporation	9,091,202	(9,091,202)	–	–	–	–
	₱16,634,145	(₱8,268,659)	₱–	₱8,365,486	₱–	₱8,365,486

ANNEX B

Schedule D. Long Term Debt

This schedule has been omitted because the information required to be presented is included in the consolidated financial statements.

Schedule E. Indebtedness to Related Parties

Not Applicable

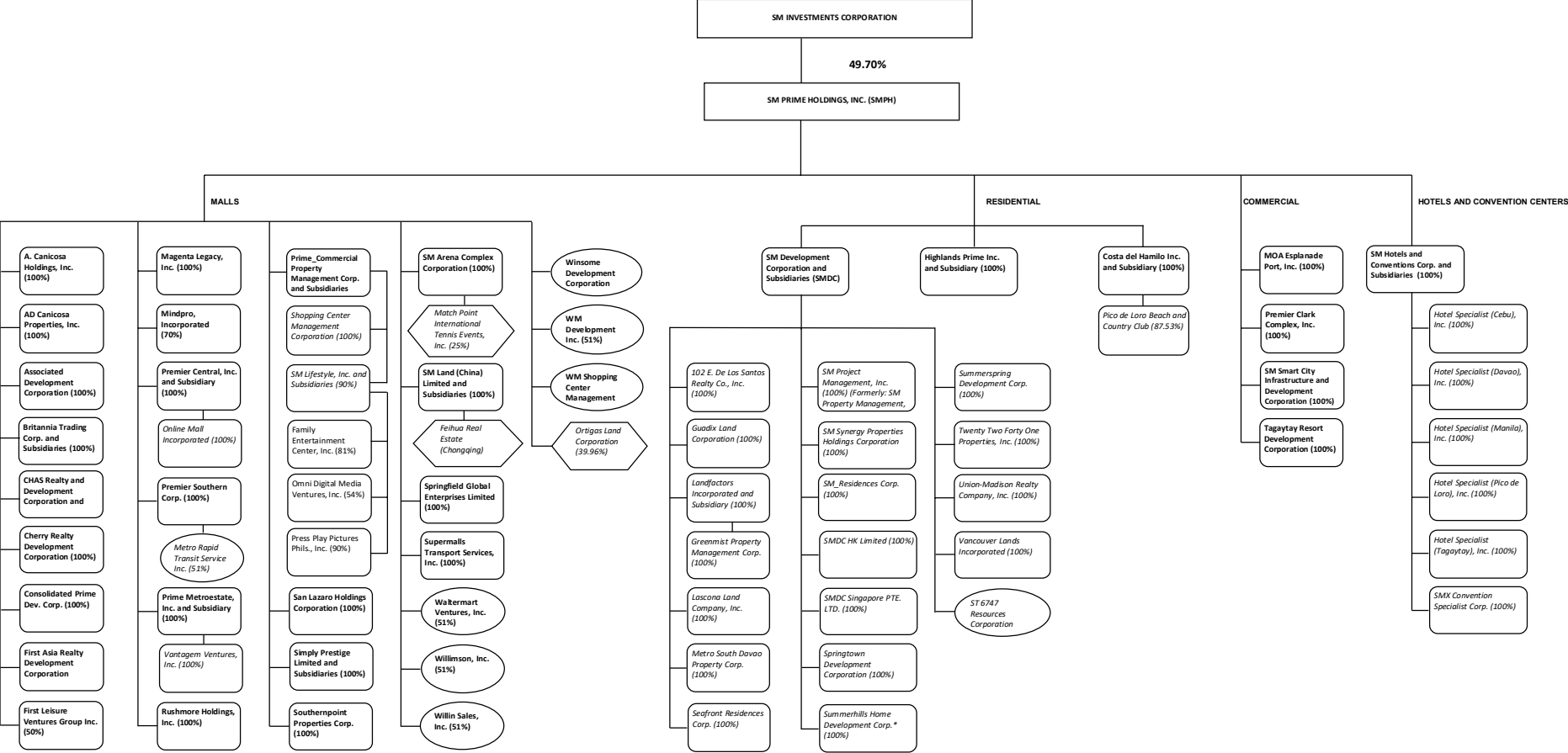
Schedule F. Guarantees of Securities of Other Issuers

Not Applicable

Schedule G. Capital Stock

(Shares in Thousand)

Title of Issue	Number of Shares Authorized	Number of Shares Issued as Shown Under Related Balance Sheet Caption	Number of Shares Outstanding as Shown Under Related Balance Sheet Caption	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common	40,000,000	33,166,300	28,856,411	15,838,582	2,976,102	10,041,727



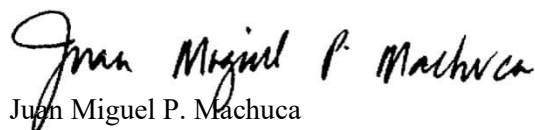
* Summerhills Home Development Corp. is 79.6% owned by SMDC and 20.4% owned by SMPH
Note: % Refers to Effective Ownership

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SM Prime Holdings, Inc. and Subsidiaries (the Company) as at December 31, 2023 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 19, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2023 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca

Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-140-2021, April 27, 2021, valid until April 26, 2024

PTR No. 10079963, January 6, 2024, Makati City

February 19, 2024



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

FINANCIAL RATIOS – KEY PERFORMANCE INDICATORS

AS OF DECEMBER 31, 2023 and DECEMBER 31, 2022

Ratio	Formula	December 31, 2023 (Audited)	December 31, 2022 (Audited)
	(In Thousands)		
Current Ratio	Total Current Assets divided by Total Current Liabilities	1.26	1.53
	Total current assets	₱217,455,628	
	Divide by: Total current liabilities	172,416,008	
	Current Ratio	1.26	
Acid Test Ratio	Quick assets divided by Total Current Liabilities	0.64	0.87
	Cash and cash equivalents	₱31,816,802	
	Receivables and contract assets	76,952,202	
	Equity instruments at fair value through other comprehensive income - current	747,840	
	Quick assets	109,516,844	
	Divide by: Total current liabilities	172,416,008	
	Acid test ratio	0.64	
Solvency Ratio	Total Assets divided by Total Liabilities	1.73	1.72
	Total assets	₱943,327,575	
	Divide by: Total Liabilities	544,440,539	
	Asset to liabilities ratio	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	48:52	49:51
	Loans Payable	₱4,288,964	
	Current portion of long-term debt	67,746,351	
	Long-term debt - net of current portion	294,622,256	
	Total interest-bearing debt (a)	366,657,571	
	Add: Total equity attributable to equity holders of the parent (b)	396,196,619	
	Total interest-bearing debt and equity attributable to equity holders of the parent (c)	762,854,190	
	Debt to equity ratio (a/c):(b/c)	48:52	

Ratio	Formula	December 31, 2023 (Audited)	December 31, 2022 (Audited)
<i>(In Thousands)</i>			
Net Debt-to-Equity Ratio	Total Interest-Bearing Debt less Cash and Cash Equivalents and Investment Securities divided by Total Equity Attributable to the Equity Holders of the Parent	46:54	46:54
	Total interest-bearing debt	₱366,657,571	
	Less: Cash and cash equivalents	(31,816,802)	
	Total net interest-bearing debt (a)	334,840,769	
	Add: Total equity attributable to equity holders of the parent (b)	396,196,619	
	Total net interest-bearing debt and equity attributable to equity holders of the parent (c)	731,037,388	
	Net debt-to-equity ratio (a/c):(b/c)	46:54	
Asset to Equity Ratio	Total assets divided by Total Equity Attributable to the Equity Holders of the Parent	2.38	2.41
	Total assets	₱943,327,575	
	Divide by: Total equity attributable to equity holders of the parent	396,196,619	
	Asset to equity ratio	2.38	
Return on Equity	Net Income divided by Average Total Equity Attributable to the Equity Holders of the Parent	11%	9%
	Net income attributable to equity holders of the parent	₱40,010,501	
	Divide by: Average total equity attributable to equity holders of the parent	379,699,054	
	Return on Equity	11%	
Net Income Margin	Net Income divided by Total Revenue	31%	28%
	Net income attributable to equity holders of the parent	₱40,010,501	
	Divide by: Total revenue	128,097,541	
	Net Income Margin	31%	
Interest Rate Coverage Ratio	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Total Interest Expense	5.31	5.33
	Income from operations	₱61,279,241	
	Less: Net income attributable to non-controlling interest	(853,344)	
	Add: Depreciation and amortization	13,656,773	
	EBITDA	74,082,670	
	Divide by: Interest expense	13,963,271	
	Interest rate coverage ratio	5.31	

Ratio	Formula	December 31, 2023 (Audited)	December 31, 2022 (Audited)
<i>(In Thousands)</i>			
Debt to EBITDA	Total interest-bearing liabilities divided by EBITDA	4.95	5.77
	Total interest-bearing liabilities	₱366,657,571	
	Divide by: EBITDA	74,082,670	
	Debt to EBITDA	4.95	
Return on Investment Properties	Net Income divided by Average Investment Properties	9%	7%
	Net income attributable to equity holders of the parent	₱40,010,501	
	Divide by: Total average investment properties (excluding construction in progress)	442,620,017	
	Return on Investment Properties	9%	

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
Retail Bond – Series P, Q and R Bonds
As of December 31, 2023

(1) Gross and Net Proceeds as Disclosed in the Final Offer Supplement

Gross Proceeds	₱30,000,000,000
Estimated Expenses	<u>(333,150,000)</u>
Net Proceeds	<u>₱29,666,850,000</u>

(2) Actual Gross and Net Proceeds

Gross Proceeds	₱30,000,000,000
Actual Expenses	<u>(347,997,040)</u>
Net Proceeds	<u>₱29,652,002,960</u>

(3) Each Expenditure Item where the Proceeds were Used

The net proceeds were used to refinance debt and to fund capital expenditures as follows:

Projects	Amounts in million
Debt Refinancing	
Retail bond Series J due on May 17, 2022	₱10,000
New Malls	
SM City Sto. Tomas	1,400
SM City La Union	452
SM City Bataan	401
SM City Laoag	305
SM City Zamboanga	126
Mall Expansions	
SM Mall of Asia Redevelopment Phase 6 and 7	1,588
SM City Cebu Northwing Expansion	1,058
SM Mall of Asia - MOA Square	489
SM City Pampanga Expansion	163
SM City Marilao Mall Expansion Phase 1 and 2	152
SM City Bacolod Redevelopment Phase 1A	71
SM Southmall Foodhall Redevelopment	47
SM City Tarlac Expansion Phase 1	46
SM City Dasmariñas Expansion	23
New BPO Towers	
SM City North EDSA Tower 2, 3 and 4	1,001
Hotels	
Lanson Place Manila	833
Residential Projects	
Sail	2,843
Style	1,283
South 2	1,194
Smile	833
Twin	616
Joy Phase 1	435
Cheer	229
Hope	183
Joy Phase 2	18
Landbank	
Luzon	2,442
Mindanao	1,127
Visayas	281
Metro Manila	13
TOTAL	₱29,652

- (4)** As of December 31, 2023, ₱29,652 million of the proceeds from retail bond was used to refinance long-term debt and to fund the construction of new malls, expansion of existing malls, BPO towers, offices, hotels, residential projects and acquisition of landbank.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
Retail Bond – Series S, T and U Bonds
As of December 31, 2023

(1) Gross and Net Proceeds as Disclosed in the Final Offer Supplement

Gross Proceeds	₱35,000,000,000
Estimated Expenses	<u>(393,640,756)</u>
Net Proceeds	<u><u>₱34,606,359,244</u></u>

(2) Actual Gross and Net Proceeds

Gross Proceeds	₱33,300,000,000
Actual Expenses	<u>(384,799,040)</u>
Net Proceeds	<u><u>₱32,915,200,960</u></u>

(3) Each Expenditure Item where the Proceeds were Used

The net proceeds were used to finance capital expenditures of the following:

Projects	Amounts in million
Debt Refinancing	
Retail bond Series M due on August 5, 2023	₱7,500
Dollar Loan due on June 14, 2023	6,153
New Malls	
SM City Caloocan	1,384
SM Yulo	259
SM City J Mall	124
Mall Expansions	
SM City East Ortigas Expansion	758
SM City Bicutan Expansion	629
SM City Davao Expansion	586
New BPO Towers	
SM City Bacolod BPO Office	842
SM City Sta. Rosa The Core	454
SM City Iloilo Strata Tower 2	350
SM City Fairview BPO Office	347
Hotels and Convention Centers	
Cebu Convention	436
Landbank	
Visayas	7,040
Metro Manila	1,500
TOTAL	<u><u>₱28,362</u></u>

- (4)** As of December 31, 2023, ₱4,553 million of the proceeds from retail bond remained unused. These shall be used to finance the acquisition of landbank, expansion of existing malls and construction of new malls, BPO towers, offices, hotels and residential projects.

MINUTES OF THE ANNUAL MEETING OF THE
STOCKHOLDERS OF

SM PRIME HOLDINGS, INC.

Held on 25 April 2023 at 2:30 p.m.
At the Forbes Ballroom 1 and 2, Conrad Manila,
Seaside Blvd. corner Coral Way,
Mall of Asia Complex, Pasay City
(Livestreamed via Zoom Webinar)

DIRECTORS PRESENT:

HENRY T. SY, JR.

Chairman of the Board
Member, Executive Committee

AMANDO M. TETANGCO, JR.

Vice Chairman and Lead Independent Director
Chairperson, Audit Committee
Member, Risk Oversight Committee
Member, Corporate Governance Committee
Member, Related Party Transactions Committee

DARLENE MARIE B. BERBERABE

Independent Director
Chairperson, Corporate Governance Committee
Chairperson, Related Party Transactions
Committee
Member, Audit Committee

J. CARLITOS G. CRUZ

Independent Director
Chairman, Risk Oversight Committee
Member, Corporate Governance Committee
Member, Audit Committee

HANS T. SY

Director
Chairman, Executive Committee

HERBERT T. SY

Director
Member, Executive Committee

JORGE T. MENDIOLA

Non-Executive Director
Member, Audit Committee
Member, Risk Oversight Committee
Member, Related Party Transactions Committee

JEFFREY C. LIM

Director and President
Member, Executive Committee

ALSO PRESENT:

TERESITA T. SY-COSON
ELIZABETH T. SY
JOSE T. SIO

JOHN NAI PENG C. ONG

ELMER B. SERRANO
ARTHUR A. SY
MARVIN PERRIN L. PE
JOANA B. TIANGCO
ALEXANDER D. POMENTO
BELINDA T. BENG-HUI

Adviser to the Board
Adviser to the Board
Adviser, Audit Committee and Risk Oversight
Committee
Chief Finance Officer/ Corporate Information Officer/
Chief Compliance Officer
Corporate Secretary
Assistant Corporate Secretary
Chief Audit Executive
Chief Risk Officer
Vice President - Investor Relations
SyCip Gorres Velayo & Co.

Stockholders present in person or
represented by proxy

25,658,056,980 shares (Please see Record of
Attendance herein attached as **Annex A**)

1. Call to Order

The meeting opened with an invocation followed by the Philippine National Anthem. The host then acknowledged the presence of all directors and key officers of **SM Prime Holdings, Inc.** (the **Company**). Atty. Elmer B. Serrano, Corporate Secretary, then introduced Mr. Henry T. Sy Jr., the Chairman of the Board.

The Chairman welcomed the stockholders and guests 2023 Annual Stockholders' Meeting of the Company, held in-person at Conrad Manila and streaming live via Zoom Webinar. He then called the meeting to order and presided over the proceedings. The Corporate Secretary recorded the minutes of meeting.

2. Certification of Notice and Quorum

Before proceeding with the meeting, the Chairman requested the Corporate Secretary to certify the posting and publication of notice and existence of a quorum.

The Corporate Secretary certified that, in compliance with rules issued by the Securities and Exchange Commission, the notice of this meeting, the Definitive Information Statement, and the Company's "Guidelines for Remote Participation and Voting in Absentia" were uploaded via PSE EDGE on March 10, 2023 and posted on the Company's website, also beginning 10 March 2023.

In addition, the notice of meeting was published in the Business Sections of Manila Bulletin and the Philippine Daily Inquirer on March 20 & 21, 2023, in print and online formats.

The Corporate Secretary then certified that based on record of attendance, stockholders attending by proxy and stockholders who have registered to remotely join the virtual meeting represent **25,658,056,980** common shares, constituting **88.85%** of the total outstanding capital stock of the Company as of record date 17 March 2023. He then certified that a quorum was present for the transaction of business by the stockholders.

The Corporate Secretary announced that SyCip Gorres Velayo & Co. has been engaged as third-party tabulator of votes cast for the meeting. He also informed participants that the meeting will be recorded in accordance with SEC rules.

3. Approval of Minutes of the Annual Stockholders' Meeting held on 25 April 2022

The Chairman proceeded to the next item in the agenda which is the approval of the minutes of the annual meeting of stockholders held on 25 April 2022. A copy of the minutes was posted on the Company's website soon after last year's annual meeting adjourned. The minutes have also been appended to the Definitive Information Statement which was posted on PSE EDGE.

The Corporate Secretary stated for the record that unqualified votes cast for each item for approval shall be counted in favor of the matter under consideration.

He then presented the tabulation of votes casted for the approval of the minutes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
25,658,056,980	100.00	0	0	0	0

With the above votes in favor, the following resolution was passed and adopted:

"RESOLVED, that the minutes of the annual meeting of stockholders held on 25 April 2022 are approved."

4. Approval of 2022 Annual Report and 2022 Audited Financial Statements

The Chairman then requested Mr. Jeffrey C. Lim, President, to present his report on the results of operations for 2022. The President reported as follows:

"Good afternoon, ladies and gentlemen. Let me welcome everyone to SM Prime Holdings Inc.'s 2023 Annual Stockholders' Meeting. I hope you are all well as we gather once again to celebrate the past year and welcome this new chapter with renewed hopes and a positive outlook.

We welcomed 2022 with a more straightforward path to recovery despite the surge of COVID-19 cases at the beginning of the year due to the Omicron variant. With the reopening of borders, relaxation of health and safety protocols, and full access to various means of transportation, we gained momentum in delivering our commitment to build and manage innovative and sustainable lifestyle cities across the country.

Through our continued pursuit of growth and expansion, SM Prime remains steadfast in empowering the communities we serve, reaching greater footprint in key areas in the country.

In 2022, SM Prime reported a consolidated net income of PHP30.1 billion, 38% higher than PHP21.8 billion in 2021. This is supported by a 29% increase in consolidated revenues to PHP105.8 billion from last year's PHP82.3 billion. Your Company's consolidated assets reached PHP874.2 billion from PHP804.4 billion in the previous year. These results were achieved despite the challenges we faced, due to rising inflation and interest rates, affecting the supply chain domestic spending.

SM Prime's mall business accounts for 52% of consolidated revenues. Malls based in the Philippines registered PHP49.8 billion in revenues in 2022, more than double of the reported PHP24.1 billion in the previous year. These results

were due to the resumption of full rental fees in the second half of 2022 and the notable recovery in the entertainment industry that pushed SM Prime's cinema, event ticket sales, and other revenues to PHP5.7 billion.

SM Prime expanded certain malls and opened four new malls in the Philippines namely SM City Roxas in Capiz, SM City Tanza in Cavite, SM City Sorsogon in Bicol, and SM City Tuguegarao in Cagayan.

These has brought the SM Malls to 89 in total – 82 in the Philippines and 7 in China, wherein 58 malls are located in the provincial areas, and 24 malls are in Metro Manila.

SM Prime's residential business group, led by SM Development Corp. (SMDC), posted PHP40.1 billion in revenues in 2022, versus PHP45.9 billion registered in 2021. SMDC's reservation sales reached PHP102 billion in 2022, slightly higher than PHP98.9 billion in 2021.

Throughout 2022, we launched three new residential developments namely Vail Residences in Cagayan de Oro, Now Residences in Pampanga, and Zeal Residences in General Trias, Cavite.

Your Company's office and hotel and convention center businesses, which account for 10% of the consolidated revenues, recorded a 59% growth in revenues to PHP10.5 billion in 2022 from PHP 6.6 billion in 2021. SM Prime's office business segment registered PHP6.1 billion in revenues in 2022, 22% higher than PHP5.0 billion in 2021. The hotel and convention center business segment reported PHP4.3 billion in revenues in 2022, almost triple the previous year's PHP1.6 billion revenue.

In 2022, SM Prime launched FourE-Com Center, which is located here in the Mall of Asia Complex in Pasay City, as well as the SMX Clark Convention Center in Pampanga, which is nestled alongside SM City Clark and Park Inn Radisson.

With almost 10 years since we integrated SM Group's property business under SM Prime, we now have 22 Lifestyle Cities in the country - 11 in Metro Manila and 11 in the provincial areas including Pampanga, Bulacan, Cavite, Cebu, and Davao to name a few. With these Lifestyle Cities, we remain as centers of trade, entertainment, and tourism, providing MSMEs various venues to showcase their products and services to different customers.

As a champion of climate action in the Philippines, we ramped up our programs to further improve the quality of life of the communities we serve and provide sustainable solutions to promote a green planet.

In 2022, we achieved our goal of increasing the use of renewable energy to 50%. This development will strengthen our commitment to the Department of Energy's program of moving up the renewable energy supply component of the Philippines to 35% by the year 2030.

SM Prime is working with WWF Philippines to help us establish our commitment and targets, and align with the global commitment, which is to achieve net zero by 2050. We strive to work on achieving net zero emissions, or the point where our generated greenhouse gas emissions are in balance with our emissions reduction activities.

SM Prime established our near- and long-term science-based targets for 2030 and 2035 respectively, which is currently being verified by WWF Philippines, as we commit to achieve net zero by 2040.

Simultaneously, we strengthened our partnership with WWF for Nature to enhance our reporting by setting targets in line with the Paris Agreement's goal of limiting global warming to 1.5 degrees Celsius. This complements our continuous efforts to keep and protect the environment and natural resources in our Hamilo Coast property in Nasugbu, Batangas.

Your Company also campaigned to reduce water consumption by building sewage treatment plants on our properties to recycle water. This will lessen our operations' dependence on freshwater sources for non-potable uses. We are proud to say that 20 of our malls are built with rainwater catchment basins to help prevent flooding in surrounding communities.

Through SM Cares, our corporate social responsibility arm, we hosted the International Coastal Cleanup last September 2022, bringing together thousands of volunteers to help reduce waste in our coastal areas. We have implored several waste reduction programs such as Trash to Cash, Plastic Waste Collection, and the phase-out of single-use plastics in our hotels.

In the coming years, expect more meaningful experiences and treasured values with SM Prime as we commit to developing more communities that can uplift the lives of millions of people. We will continue integrating modern-day learning with inherited values and aspirations as we rise from future challenges.

Let me take this opportunity to express my gratitude to our shareholders who serve as our reminders and guide for everything that we do. To our public and private partners, who remain with us and continue to collaborate with us, may the coming years be an opportunity for us to grow together and achieve new heights that will enable better life conditions to everyone. To our board of directors, we appreciate the expertise and continued support you've been providing to the whole Company as we commit to better and stronger growth in the coming years.

Lastly, to the hardworking women and men of SM Prime Holdings, Inc., we are truly grateful for your years of service with us, and we hope that we'll have more time to reach more goals not only for our Company, but for our personal lives as well.

Let us continue gaining inspiration and strength from one another as we work towards a safer and better future filled with gratitude and positive hopes for our country, our communities, and ourselves.

Thank you and Mabuhay!"

The Chairman thanked the President for his report. He then asked the Corporate Secretary to announce the results of voting. The Corporate Secretary presented the tabulation of votes as follows:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
25,653,183,030	99.98	0	0	4,873,950	0.02

With the above votes in favor, the following resolution was passed and adopted:

“RESOLVED, that the 2022 Annual Report and the 2022 Audited Financial Statements are approved.”

5. Announcement of Cash Dividends

The Chairman then announced that in its regular meeting just adjourned, the Board of Directors has approved cash dividends of Php0.237 per share. This amounts to a total of approximately Php6.8 billion Pesos in favor of all stockholders of record as of 10 May 2023, and payable on 24 May 2023. Stockholders and guests applauded the announcement.

6. Ratification of the Acts of the Board of Directors and Management

The next item in the agenda is the ratification of all acts and resolutions made and adopted by the Board of Directors and carried out by Management during their term, or from the date of the last annual stockholders’ meeting up to this meeting. These corporate acts are detailed in the Definitive Information Statement provided to all stockholders of record.

The Corporate Secretary presented the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
25,650,113,830	99.97	936,000	0.00	7,007,150	0.03

With the above votes in favor of approval, the following resolution was passed and adopted:

“RESOLVED, that the acts of the Board of Directors and Management during their term or from the date of the last annual stockholders’ meeting up to this meeting are ratified.”

7. Election of Directors for 2023-2024

The next item in the agenda is the election of directors for the year 2023-2024. The Chairman requested the Ms. Darlene Marie Berberabe, Chairperson of the Corporate Governance Committee, to present the nominees to the Board.

Ms. Berberabe discussed that the Corporate Governance Committee has pre-screened and short-listed candidates qualified to be elected to the Board of Directors. She then announced the names of the following nominees to the Board for 2023-2024:

Mr. Henry T. Sy, Jr.
Mr. Hans T. Sy
Mr. Herbert T. Sy
Mr. Jorge T. Mendiola
Mr. Jeffrey C. Lim

Independent Directors

Ms. Darlene Marie B. Berberabe
Mr. Amando M. Tetangco, Jr.
Mr. J. Carlitos G. Cruz

The Corporate Secretary thereafter presented the number of votes garnered by each of the nominees:

Nominee	No. of Votes
Henry T. Sy, Jr.	24,660,242,289
Hans T. Sy	24,697,277,029
Herbert T. Sy	24,615,379,365
Jorge T. Mendiola	24,436,852,576
Jeffrey C. Lim	25,551,224,320
Darlene Marie B. Berberabe	24,698,278,426
Amando M. Tetangco, Jr.	24,596,373,748
J. Carlitos G. Cruz	24,166,797,228

The Corporate Secretary explained that since there are only eight (8) nominees and with the votes received, all nominees have obtained sufficient votes for election.

The following resolution was therefore passed and adopted:

“RESOLVED, that following are elected to the Board of Directors of SM Prime Holdings, Inc. for 2023-2024, to serve as such directors until their successors have been duly qualified and elected:

Henry T. Sy, Jr.
Hans T. Sy
Herbert T. Sy
Jorge T. Mendiola
Jeffrey C. Lim

Independent Directors

Darlene Marie B. Berberabe
Amando M. Tetangco, Jr.
J. Carlitos G. Cruz

After the voting results were announced, the Chairman congratulated the newly-elected members of the Board.

8. Appointment of External Auditor

The next item in the agenda is the appointment of the Company's external auditor for 2023. The Corporate Secretary informed the stockholders that the Audit Committee processed and screened the nominees for external auditor and recommended, as confirmed by the Board of Directors, the appointment of SyCip, Gorres, Velayo & Co. as external auditor for 2023.

The Corporate Secretary then announced the results of voting:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
24,836,046,353	96.80	822,010,627	3.20	0	0

With the above votes in favor of approval, the following resolution was passed and adopted:

“RESOLVED, that the appointment of SyCip, Gorres, Velayo & Co. as external auditor for 2023 is approved.”

9. Open Forum

The Chairman then proceeded with the Open Forum. He opened the floor for questions and comments from our shareholders.

The first question was from Mr. Ronhel Vinn Papa, who congratulated the directors and Management for the outstanding 2022 results of operations. Mr. Papa requested for an update on mall operations. Mr. Lim responded that mall operations have significantly recovered after the easing of the restrictions that began in the first quarter of 2022. The Company has started to charge full rental payments beginning July 2022 and occupancy and foot traffic on weekends are already at pre-pandemic levels.

Mr. Papa also requested for an update on SMPH's Mall REIT and when it will be listed. Mr. Lim responded that the Company has started the process of incorporating a REIT company and currently in discussion with advisers. The launch is estimated to second half of this year, subject to market conditions. Mr. Lim assured that details will be disclosed in due course.

The next question was from Ms. Maria Tala Exconde, who requested an update on the Pasay reclamation project. Mr. Lim responded that the project has already started and is estimated to be completed by second half of the next year.

There being no other questions, the Corporate Secretary stated that the Open Forum has ended. He advised the shareholders that for questions not addressed during the meeting, the Company's Investor Relations team will endeavor to answer them via email.

The Chairman thanked the shareholders for participating in the Open Forum.

10. Other Matters

The Chairman inquired if there were other matters that could properly be taken up at the meeting. The Corporate Secretary confirmed that there were none.

11. Adjournment

There being no further business to transact, the Chairman thanked everyone who joined the meeting and wished everyone good health. Thereafter, the meeting was adjourned.

CERTIFIED CORRECT:

ELMER B. SERRANO
Corporate Secretary

ATTESTED BY:

HENRY T. SY, JR.
Chairman

SM Prime Holdings, Inc.
Annual Stockholders' Meeting
25 April 2023, 2:30 p.m.

Record of Attendance

Total number of voting shares outstanding	28,879,231,694
Total number of shares represented in person, by participant brokers, and by proxies	25,658,056,980
Attendance percentage	88.85%